Effective Decision Making and Organizational Productivity

By

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Abstract

The study is focused on making an assessment on the impact of effective decision making on organizational productivity. Decision making is the most key tool in the hands of management to drive high level success in the business of an organization. The statement of the problem indicates that organizations fail in their endeavors mainly due to ineffective decisions taken or not making decisions at all. The objectives were to determine the relationship between effective decision making and organizational productivity, explain factors influencing effective decision making, and describe the relationship between effective decision making and organizational performance. The qualitative research method is used by reviewing related literature. The human relations theoretical approach was used in explaining inclusive decision making that can lead to organizational productivity. The research concluded that organizations can only be productive when effective decisions taken. Consequently, the study recommends that management should of necessity engage in constant consultation with relevant members of staff and stakeholders in the organisation in order to arrive at rational decisions that are goal organisational goal oriented.

Keywords: **Effective, decision making, organisation, productivity**

Introduction

The success of every organization is centrally determined by the decisions made at different levels in the organization. Whether or not an organization will be productive in its business is mainly determined by the kind of decisions that are take management at different levels. The outcome of a decision will determine if it is positive or negative in nature. Strategic decision-making process plays an important role in the effective performance of an organization (Olalekan & Chinenye, 2021).

Recently, there has been increased interest in the organizational gains that can be achieved by decentralizing decision-making authority to lower-level employees (Hettie et al, 2002). Decentralization of organizational decision-making authority is sure way of craving towards high level organizational performance. An inclusive decision-making process can guaranty effective management of organizational resources. Decision making in many organizations are done by top management team without considering the input of the employees at the lower managerial levels. It sometimes becomes difficult for some of the decision taken by top management to be implemented especially when it seems not to be favorable to the staff who are mostly the implementers (Helen, 2019). When employees participate in decision making implementation becomes easy. This creates a good working environment by increasing commitment and satisfaction on decisions taken and also increasing employee's moral arising from the perceived sense of recognition as team member in the organisation with a resultant out-come of improved productivity (Helen, 2019).

Many organizations have experienced lack of commitment by employees towards implementation of decisions taken by top management which undoubtedly has serious repercussion on organizational success. As a result of this many organizations are currently involving staff participation in decision making process. In most cases, dissatisfaction emanating from decisions laterally taken by management has led to some negative actions by employees, such negative action includes loss of interest in the job and strike action (Helen, 2019). Implementation of decisions in many organizations are made difficult when employees are not involved in the central process of making decision in an organization.

Aims and Objectives of the study

This research work is basically aimed at examining the relationship between effective decision making and organizational productivity.

The key objectives of the study are to;

1. Describe the role of effective decision making on organizational productivity.
2. Explain the factors that influence effective decision making in an organization
3. examine the relationship between effective decision making and employee performance

Concepts Clarification

The clarification of the following concepts helps in giving holistic explanation of the topic under discuss:

Decision Making

Decision-making is the process whereby an individual, group or organization reaches conclusions about what future actions to pursue given a set of objectives and limits on available resources. This process will be often iterative, involving issue-framing, intelligence-gathering, coming to conclusions and learning from experience (Paul & Russo, 2014). Decision making is the most critical aspect of every management endeavor in an organization.

Decision making is a process undertaken by an individual or organization. The intent of this process is to improve the future position of the individual or organization, relative to current projections of that future position, in terms of one or more criteria. Most scholars of decision making define this process as one that culminates in an irrevocable allocation of resources to affect some chosen change or the continuance of the status quo (Dennis 2016).

Organizational Productivity

Organizational productivity is the Capacity of a business to produce desired results with a minimum expenditure of resources (time, money, human resources). Organizational productivity is used interchangeably with organizational efficiency, in simple terms, organizational efficiency examines how to increase the output an organization can achieve, using a specific number of resources. The more output delivered using those same resources, the more efficient the

organization is. Any discussion of organizational efficiency begs the question, what is the difference between efficiency, productivity, and effectiveness (Liz, 2021).

Review of Related Literature

A review of literature will be done in the following areas as related to the topic under study:

Conceptual Framework



Managerial Decision-Making Process Overview Source: Adapted from Robbin & Coulter (2012)

Effective decision making

Along with the effectiveness of the decisions taken, their efficiency, purposefulness, and infallibility are also important. These decisions should be rational and ensure that the expected results are achieved. Due to the level of complexity of decision-making problems, the need to consider many conditions, the experience and competence of the decision-maker are no longer sufficient. Hence, the need to seek forever better methods and tools to support decisions.

Decision making becomes effective when the right steps are taken towards making a decision in an organization (Katarzyna & Karolina, 2021). Effective decision-making occupies key position in the life of an organization be it a public establishment or a private corporate entity. On daily basis, executives and leaders make multiplicity of decisions involving the exchange of information, data review, generation of new ideas, evaluation of alternative courses of action and implementation of policies (James & Edwin, 2017). From the other hand, decisions can be strategic, tactical or operational. Strategic decisions are long-term decisions of an organization, which guides its direction and policy. Tactical decisions are medium-term decisions and are used to implement strategic decisions. And operational decisions are made on a day-to-day basis (Katarzyna & Karolina, 2021).

The word "decision-making" conjures up the image of choice among alternative courses of action in a way appropriate to the demand of the situation. The ability of the decision maker to choose the best option that is capable of achieving the set objective or solving the problem demands structured decision guidelines. These guidelines put together are referred to as decision-making strategies (James & Edwin, 2017). Decision making is not only an art or activity carried out by organizations but one done also by individuals. While the approach, time scale or format may differ from one economic agent to another, the ultimate objective remains the same, which is to stimulate positive change or action. Managerial decision making encompasses continuous use of past experience gained to make better decisions in the future. The interchange between power politics, behavioral considerations and use of logical thinking process are all fundamental elements of the decision-making apparatus (Olalekan et al, 2021).

Decision-making is the process of identifying and choosing among alternative courses of action in a manner appropriate to the demands of the situation (James & Edwin, 2017; Hammond, 2006). A decision is a commitment to action. Every decision involves risk. It is the commitment of present resources to an uncertain future. Experienced executives diagnose road-blocks to effective decision making and develop strategies to overcome them (James & Edwin, 2017). There is an on-going debate as to the extent to which organizations can effectively turn their everyday managerial decision making to engender organizational excellence in

the face of challenging business environment characterized by frequent economic fluctuations, technological advancements, and rapid pace of industrialization (Olalekan et al, 2021). Drucker formulated several assumptions that may increase the effectiveness of decisions: a precise definition of a problem, identification of factors conducive to the organization, the development of action plans, responsibility for decisions and communication, increased focus on the opportunities instead of problems, productive meetings and the focus on "we" instead of "I" (Katarzyna & Karolina, 2021).

As organizations continue to embrace the centrality of creativity, research and development to keep pace with the competitive world, the necessity of making prudent and productive decisions based on such efforts have become more challenging. Although several theorists have developed various approaches to address the enormous task of taking productive decisions to stimulate organizational performance, choosing the optimum approach given scarce time, competitive demands and situational challenges have remained a tough riddle for business leaders to unravel. Furthermore, the rapid pace of industrialization, frequent economic fluctuations, heightened technological advancements coupled with the deployment of artificial intelligence have all compounded in no small measure the heavy consequences of defective decisions taken at strategic management levels. This has therefore made the need for a study of effective management decision making as a panacea for organizational survival very vital. While a number of literatures have examined the relationship between decision making and various indices of organizational performance such as operational effectiveness (Mohammed 1992, cited in Olalekan et al, 2021).

Factors that influence decision making

The decision-making process is one of the most important elements of management in today's organizations, mainly because it affects the success or failure of the entity. In highly uncertain environment, knowledge of factors influencing the decision-making process is essential. There are various determinants for decision making. To begin with, one must consider the fact that decisions are not always made in accordance with the principles of rationality and logic. The process of decision making is determined by various factors: economic,

social, organizational information, personal and psychological (Katarzyna & Karolina, 2021).



Source: Katarzyna & Karolina, 2021.

The empirical results reveal that strategic decision-making abilities are affected by five factors: attention, memory, thinking, emotion, and sentiment, and whose influence mechanisms and degrees are varied. Results also describe that these abilities have a positive effect on overall organizational performance. Therefore, results suggest that businesses' strategic decision-making is usually strengthened when entrepreneurs have a clear understanding of these influencing elements, and the interaction between them leads to improved performance (Jiayeng, 2022).

Steps to effective decision making

Decision making is the process of making choices by identifying a decision, gathering information, and assessing alternative resolutions. Using a step-by-step decision-making process can help you make more deliberate, thoughtful decisions by organizing relevant information and defining alternatives. This approach

increases the chances that you will choose the most satisfying alternative possible (umassd.edu, 2020). Following step by step decision making process primarily guaranty the growth and sustainability of an organization in both short- and long-term planning.

Decision Making Steps



Source: Created by Researcher (2023).

Theoretical Review

The game theory is one of the best tools for effective decision making in an organization. It is a fundamental theoretical framework capable of interpreting social situations while aiding the production of optimal decision-making among independent and competing actors in a strategic setting. Game theory is viewed as an interactive decision-making theory possessing the unique qualities of being able to properly situate the conflict and cooperation between intelligent rational decision makers (Olalekan et al, 2021). Basically, this study is anchored on the

game theory because of its ability to clearly explain how managers can take functional decisions in the today's very complex work environment.

Method and Analysis

The researcher applied the qualitative research method by carrying out thorough review of relevant literature. Data were gathered basically from secondary source.

Discussion of findings

It was shown from the review of literature that effective decision making can lead to high level organizational productivity. The strategic ability of a management primarily determines the effectiveness of decisions that are made in the organization.

Fundamentally, decision making involves the interplay of human instinct; conscious rationality and subconscious emotional intuition, and all these three elements are actively required for cutting edge management decision making to strategically position organizations for excellence.

More so, without prejudice to the interplay between power politics, behavioral considerations and use of logical thinking process as fundamental elements of decision making, it is imperative that managerial decision-making process finds expression and cooperation both at structured and unstructured circumstances, so as to achieve organizational excellence, since team and collaborative effort are practically required from every member of the organization to achieve set goals.
However, as organizations strive for excellence through effective managerial decisions, likely decision traps should be avoided, and efforts must be made to constantly evolve with innovative ideas that engender organizational excellence (Olalekan et al, 2021).

Conclusion

The study was basically aimed at making an assessment on how effective decision making can determine the level of organizational productivity. Hence the study observed that effective decision making has positive impact on the efficient and productive capabilities of an organisation.

Recommendation

In the light of the above observations/findings, the study recommends that managers should of necessity be strategic and innovative enough in their decision making so as to arrive at a supposedly rational decision that is organisational growth and goal oriented.

Furthermore, management should always endeavor to make the process of decision making flexible in a way that employees can be carried along. This will bring about a sense of belonging on the part of employees that is geared towards organizational productivity.

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