

Value of Information in Decision Making

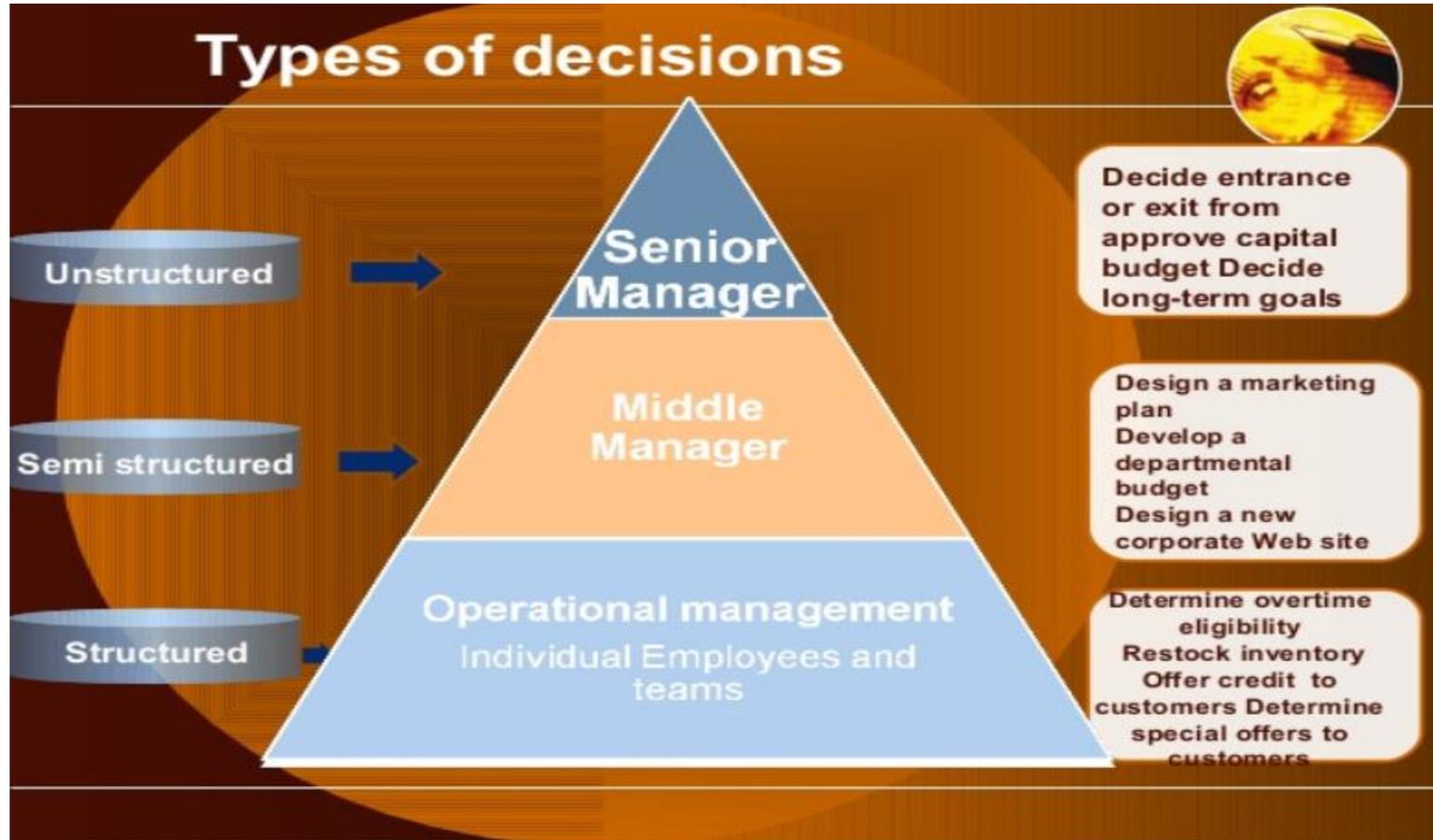
Decision Making and Information Systems

Today information systems provide information to all levels of management of an organization .So all the levels are responsible for decision making. Decision making is the developing concepts leading to the selection of a course of action among variations. Every decision making process produces a final choice, It can be an action or an opinion. It begins when we need to do something but we do not know what e.g. Decision to raise a Purchase Order Management Information Systems

Business Value of Improved Decision Making

Business value of improved decision making Decisions must be made every level of management of an organization. Improved decisions can increase the average ROI and profitability of an organization. A single improved decision may effect in business value a little but numerous improved decisions can change the annual business value wholly.

Types of Decision



Types of decisions



Unstructured decisions

- The decisions are made by senior management.
- It is a non routine type decision.
- There is no specific procedure or structure for decision making.
- It includes strategic issues and long term effect of decision.

Structured decisions

- These decisions are made by operational managers.
- It is a repetitive and non routine type decision.
- There are specific structures and procedures for solving a problem and decision making.
- It involves operational issues and has a very short time effect.

Semi structured decisions

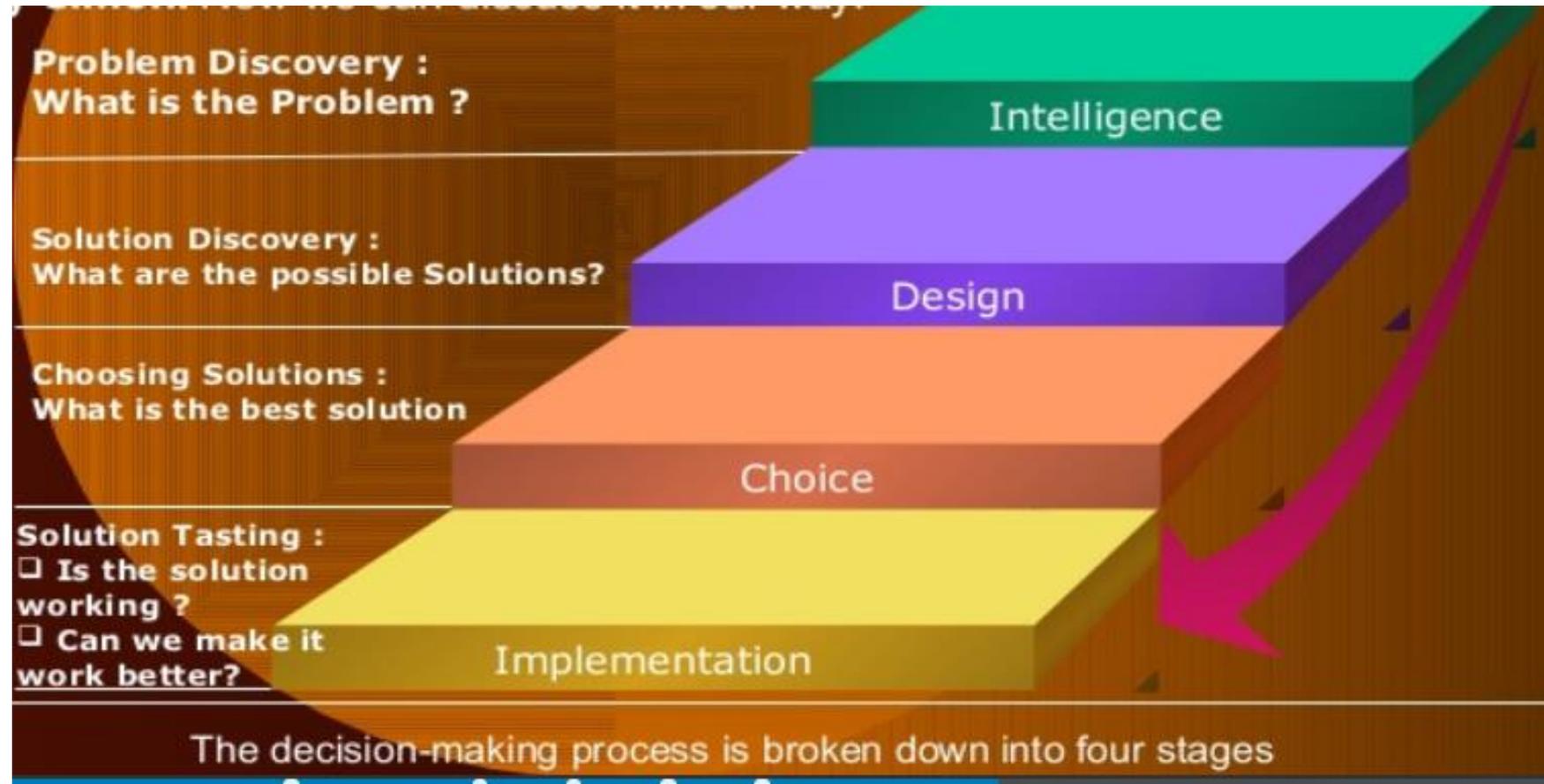
- These decisions are made by middle management.
- It is both routine and non routine type decisions.
- Usually it gives a clear cut solution of a problem.
- There is both structured and unstructured procedure for decision making.

What information system is needed for what type of decision making /level of management

- It needs special consideration, insight, judgment and evaluation. So information systems may not be effective for all time. In spite of that decision maker can use ESS.
- For being a two way decision two different information systems are used for decision making. These are MIS (used for structured decision making) and DSS (for non structured decision making).
- It works with daily affairs or transactions. So it uses TPS where such data (credit, receipts, sales, labour works etc.) are recorded.

How decision making process work

Simon (1960) introduced a Decision Making Process which includes four stages. In his theory he discussed in detail that how actually decision making process works. The following diagram was given by Simon. Now we can discuss it in our way:



STAGES IN DECISION MAKING

- Intelligence : Decision making process starts with discovering (what), identifying (where) and understanding (why) the problem is occurring in the organization. And this is what the intelligence concern with.
- Design : After discovering, identifying and understanding the problem, decision maker find some possible solution for the problem a rised. Which is called Designing the solution.
- Choice : What solution alternative should be the perfect match for the problem among solution alternatives is the concern of this stage.
- Implementation: This is the situation where actually the decision is applied. After applying the decision, Decision makers continuously monitor is the decision is right. The decision making process may work like a cycle when the taken decision works properly. Then decision maker again through same stages.

THANK YOU