

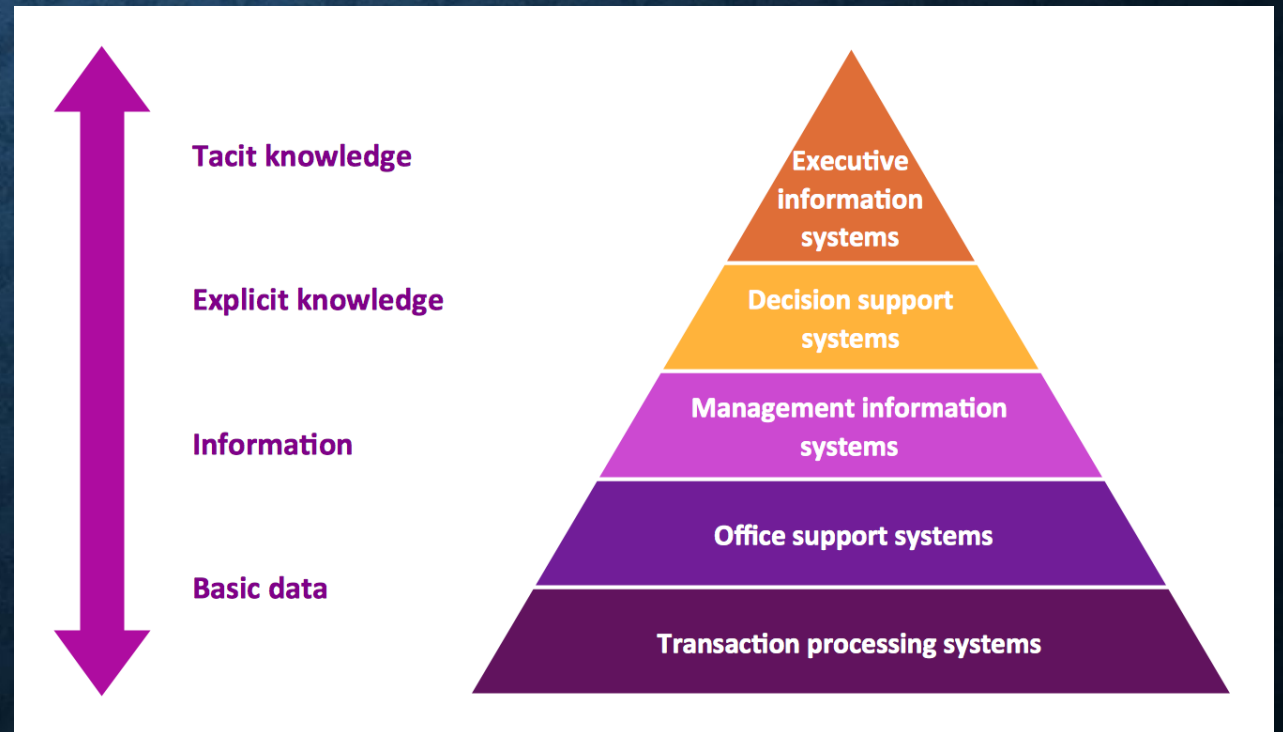
# DECISION MAKING

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# DECISION MAKING

- **Decision-making** involves the selection of a course of action from among two or more possible alternatives in order to arrive at a solution for a given problem



# THE STAGE OF DECISION MAKING

## 7 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.



# THE STAGE OF DECISION MAKING

- **Identify the decision** You realize that you need to make a decision. Try to clearly define the nature of the decision you must make. This first step is very important.
- **Gather relevant information** Collect some pertinent information before you make your decision: what information is needed, the best sources of information, and how to get it. This step involves both internal and external “work.” Some information is internal: you’ll seek it through a process of self-assessment. Other information is external: you’ll find it online, in books, from other people, and from other sources.
- **Identify the alternatives** As you collect information, you will probably identify several possible paths of action, or alternatives. You can also use your imagination and additional information to construct new alternatives. In this step, you will list all possible and desirable alternatives.

- **Weigh the evidence** Draw on your information and emotions to imagine what it would be like if you carried out each of the alternatives to the end. Evaluate whether the need identified in Step 1 would be met or resolved through the use of each alternative. As you go through this difficult internal process, you'll begin to favor certain alternatives: those that seem to have a higher potential for reaching your goal. Finally, place the alternatives in a priority order, based upon your own value system.
- **Choose among alternatives** Once you have weighed all the evidence, you are ready to select the alternative that seems to be best one for you. You may even choose a combination of alternatives. Your choice in Step 5 may very likely be the same or similar to the alternative you placed at the top of your list at the end of Step 4.
- **Take action** You're now ready to take some positive action by beginning to implement the alternative you chose in Step 5.
- **Review your decision & its consequences** In this final step, consider the results of your decision and evaluate whether or not it has resolved the need you identified in Step 1. If the decision has not met the identified need, you may want to repeat certain steps of the process to make a new decision. For example, you might want to gather more detailed or somewhat different information or explore additional alternatives.

# INFORMATION SYSTEM IN FUNCTIONAL AREAS

- **Human Resource** The main functions of this functional area are recruitment, training, payroll etc. The information needed for this functional area are the information about the employees, their salary, about new vacancies, about new applications, employees in payroll, attendance, absence and overtime details...etc.
- **Financial Area** The main functions of Financial area are calculate the salary of employees, checking payrolls, recording money received, produce invoices, checking the payments received and chasing the overdue payments etc. In this functional area should have the information about income of company, expense of the company, salary of each and every staff, times sheet of work, attendance and overtime details...etc. They also need to have the customer's bills details, payment received and bills payable details to the vendors.

**Marketing and Sales** The main functions of this functional area are Market the products through different channels like radio, mail television, producing publicity materials of their products such as catalogues etc., designing and promoting the website of company. This functional area should have the information about new trend of market, in what way the company can get maximum product, which is the good way to publish their product in market, in what way the company can improve their sales etc.

**Production** The main functions of this functional area are buying raw materials, storing the raw materials, planning the production schedule, Checking quality of product throughout the production, packing the items cleanly and beautifully, storing the items very safely. The information needed for this functional area are list of available raw materials, Combination formula, Machinery and manpower availability, Quantity of each product to be manufactured which in turn is reported by the feedback from sales and marketing area, product details like batch number, packing...etc.

**Customer Service** The main functions of this functional are answering client's enquiries about products, solve client's problems, dealing with the problems of customer, analysis the problems of customer and store these problems etc. This functional area should have the information about what range of customer they have, the customers are satisfied with their product or not, what are the customer's need for a particular product etc.

# DSS AND THE CHARACTERISTICS OF DSS

- **Decision support systems** are management level information systems that link data and information related to the analysis information from the programming systems, and message, from the computer
- **Characteristics**
  - Support for decision-makers in semi-structured and unstructured problems.
  - Support for managers at various managerial levels, ranging from top executive to line managers.
  - Support for individuals and groups. Less structured problems often requires the involvement of several individuals from different departments and organization level.
  - Support for interdependent or sequential decisions.
  - Support for intelligence, design, choice, and implementation.
  - Support for variety of decision processes and styles.

DSSs are adaptive over time



# THE COMPONENT OF THE DSS

- **Database Management System (DBMS)** To solve a problem the necessary data may come from internal or external database. In an organization, internal data are generated by a system such as TPS and MIS. External data come from a variety of sources such as newspapers, online data services, databases (financial, marketing, human resources).
- **Model Management System** It stores and accesses models that managers use to make decisions. Such models are used for designing manufacturing facility, analyzing the financial health of an organization, forecasting demand of a product or service, etc.
- **Support Tools** Support tools like online help; pulls down menus, user interfaces, graphical analysis, error correction mechanism, facilitates the user interactions with the system.

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