



Decisions in organisations

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1. Rationality and micro-politics

Organisations stake their claim to existence by settling corporative and private issues and by solving problems. Since, objectively, there is a surplus of work and problems in comparison to the ways and means of coping with them, the demand is made for work to be done as effectively and efficiently as possible. One of the requirements for this is the quality of decisions and their being enforced through targeted, 'firm' action.

Basically, hierarchies are there to make sure decisions are made in a confusing field of possibilities, so that the flow of lines of action, that have been attuned to each other, is not interrupted and takes on form as well as direction. In so doing, decisions should be as objective as possible, consistent in themselves, targeted, related to other decisions, without contradiction and irrefutable, in short: rational.

Such requirements are well suited to the technocratic ideas in simple cause – effect contexts, which most of us are deeply formed/ affected by. The machine metaphor as a picture for organisation is correspondingly regularly entrenched in our ideas. It suggests that there is one optimum, therefore one clearly 'right' and one predictable, best way of finding a solution.

In relatively simple and well structured situations, objectively rational decisions in the sense meant above are perhaps possible. In complex and badly structured situations, such as are typical in important and fundamental questions of management, another picture emerges. The rationality of decisions is affected several times over: by the ambiguities inherent in the thing itself, by the actors involved as well as by the structure and the context of the decision-making situation. This will have to be looked into more closely below.

Rationality nevertheless rates extremely high in our culture. Therefore it is no wonder when it is occasionally misused as an argument to legitimise dubious decisions, whether it is to substantiate certain changes of course in top-management (it was ultimately only the chief executive's mood or vanity that tipped the scales) or whether it is to out-argue and undermine important decisions in the private sphere. With a certain amount of fantasy logical reasons will be constructed to create the impression that there was no sensible viable alternative. Deviating considerations or perceptions will be suppressed, quashed or denied accordingly.

'Correct' decisions can only seldom be worked out in advance unless they lie within binding general decisions, which at the same time are based in turn on discretion. These general decisions then make for clarity, e.g. in the form of 'factual constraints'. If decision-making situations were not so often ambiguous,

executives could be replaced by computers, by the way. The personnel costs would sink drastically and many a science fiction film would become (awful) reality.

In our reality, decisions are often the result of open or hidden negotiations. This is frequently a question of power, influence and enforcement of interests. Dealing and counter-dealing define the scenery. Whereby we enter the field of micro-politics, by which the individual use of techniques, strategies and tactics is meant, with the aim of enforcing one's own ideas and interests in the organisation, either hidden or openly. Personal objectives do not necessarily correspond with the official objectives of one's own or a superior unit. Is that avoidable? Scarcely. Actions in organisations are always biased by interest, and indeed they cannot be thought out otherwise.

Micro-politics is often used unconsciously (when the actors themselves are not quite clear about their motives) by 'artful' actors but also in an absolutely planned and calculated way. The transition is fluid. Either way, micro-politics is a considerable part of the reality in our organisations.

Must then the idea of objectivity and rationality be sent to the grave? Is reality dominated one-sidedly by political processes which, by enforcing individual advantages, lead to the burdening of others? Does general wheeling and dealing replace argument? Is the whole getting a systematic raw deal and thus going to rack and ruin?

This diagnosis would be going too far, the more so as it evaluates the role of micro-politics in a one-sided, negative way. It is a fact that micro-politics can even contribute to better, more sensible and in the end more satisfactory decisions being made for the individual and for the system as a whole. Through the interaction of the actors with one another and their respective environments, systemic coherencies with their own independent dynamics emerge. If the actors are clever – and they often are in time due to their numerous processes of trial and error – they immediately bring the probable systemic consequences and side effects into play. The interested observer can see Adam Smith's 'invisible hand' waving.

However, by this we do not mean automatism which guarantees a good or even optimal result in all eventualities. There are sufficient examples of the 'invisible hand' failing, namely whenever the jungle of micro-political activities has become too powerful, and either the overriding sense of joint action and/or the systemic effects have disappeared from people's consciousness. Rationality, above all when seen from the perspective of the whole, is urgently needed in the decision-making process as a regulative. In spite of unavoidable gaps in rationality, it can

act as central fiction, as a measure of control which makes the distance between concrete realities and this ideal clear. Something similar also exists for other regulative ideas such as justice and freedom.

2. Decision-making levels and determining factors

Decision-making processes are complex procedures which cannot be made and understood with the slide rule alone. The following deals with the question as to what actual measures and influence factors fundamentally form decision-making processes. For this, three levels will be distinguished between, which are separated from one another for analytical reasons, but which in reality have an intensive inter-active influence and are mutually dependent on each other.

2.1. First level: objective decision-making logic

The first difficulty in the decision-making process already lies in the definition of what the problem, for which a meeting has been called, actually is, and what criteria differentiate a good from a less good solution. Different groups of people would explain the problem differently and evaluate the solutions in question totally diversely. The reason and aims of the problem-solving meeting as well as the evaluation of the initial situation, which has been understood somehow or other, arise from social agreement and do not exist naturally.

Even on the basis of such an agreement, i.e. a mutual understanding of the situation and the objectives, mostly insurmountable difficulties arise in the search for an 'objectively correct' solution (inasmuch as there is one). The most important difficulty lies in the fact that as a rule there is not enough valid information available. Thus it remains unclear what resources are available and can be activated, what portfolio of lines of action is available and what results and side-effects can be expected in each case. The number of interdependent and varying measures of interest in any one situation and the insoluble uncertainty as to how individual people, groups or institutions are going to react to certain changes in their field, normally makes serious prognoses impossible. By way of a substitute, it is only possible to work with statements of probability based on experience. And in conclusion, Dietrich Dörner (The Logic of Failure; Hamburg 1992) has impressively pointed out that complex, non-transparent and momentous problem situations lead to typical stress phenomena and faulty thinking. It is extremely difficult to protect oneself from this all the time.

2.2. Second level: the actors involved

This level has to do with influence factors and dynamics which originate on the one hand in the structure of the decider group and on the other hand through the actual individuals and how they interact in the decision-making situation.

- The results that emerge at the end of a decision-making meeting are essentially affected by the personal structure of the decider group, which has met (by chance or otherwise) in this particular constellation. The people in this group are not necessarily identical with those who normally deal with the theme professionally or in their functional responsibility within the organisation. Due to the number of projects and meetings which frequently take place at the same time in different places, it is hardly possible for all the 'right' people to be present. Some knowledge experts will be absent while others are there who are actually unable to offer a productive contribution. Chance majorities and moods can therefore finally determine a decision.
- Furthermore, in group meetings, emotional and group-dynamic effects play a part, and actually all the more so, the weaker the structure of the decision-making situation. The quest for dominance or harmony, the need for closeness and dependency, autonomy wishes, coalition formations and fractionizations – such irrational forces sometimes determine what decisions are finally made. Often the group dynamics have something to do with the hierarchies represented in the room. How does the group cope with hierarchical superiors? And what do they in turn do for the way that others treat them?
- It goes without saying that the 'class' and idiosyncrasies of the individual actors play a key role in the quality of the decision-finding process. What 'types' and which professional groups are represented in the room? How capable are they, how good are their knowledge and their experience in the subject-specific, in the methodical, in the social and personal areas? What is the mixture like? What is there in abundance, what is missing? How do they all think and how do they perceive reality?
- The decision-making process is further determined by the motivation of the participants with regard to the theme and by the personal questions each person is occupied with at the present moment. These can be subject-specific questions, individual concerns, present difficulties and pressures, hopes, fears,...
- Not least: how well do the people communicate with one another? Do they really listen to each other? Are they able to make themselves understood, also over and above the technical language barriers? Are all of them interested in reaching a consensus that is better than each individual's solution can be, or do individuals or sub-groups respectively want to enforce their objectives?
- Occasionally it seems that individual participants not only have questions but also ready solutions and are actively seeking the corresponding problems and decisions for

these. This can happen unconsciously but also deliberately if they are not at the table as neutral problem solvers but, for example, as an interested party for their departments.

- Solutions can also finally come about unspectacularly in the 'diplomatic way'. A decision-making group then agrees on useful rather than optimal results which have the advantage of everyone being able to live with it in the end. From the point of view of the whole system these can of course be second or third-class decisions.

2.3. Third level: the context

On this level the direct context of the decision-making situation (the people are disregarded in this case) is dealt with on the one hand, and on the other the extended context, which the organisation in which the decision-making situation takes place, constitutes. We will proceed with the description of a company.

2.3.1. Situation context

- The decision-finding process is also determined by the way the meeting has been announced and defined. What is the reason for it and what objectives should be achieved? People come with certain ideas and expectations deduced from the official text. And their behaviour will be influenced by this.
- Earlier experiences in comparable meetings have a similar or even stronger effect. The history of the meeting and the experiences of problem-solving and decision-making meetings in general in the company shape expectations and influence behaviour. The phenomenon of a 'self-fulfilling prophecy' is ever-present in practice.
- The direct outer environment of the meeting bears an influence that should not be underrated. Discussions become shorter if the air-conditioning fails in the height of summer. Concentration suffers if the caretaker interrupts the meeting constantly. And a meeting in an uncomfortable basement room without refreshments or other such amenities will equally ensure that a decision is rapidly found.
- Whether the regional locality of the meeting is attractive also plays a role (pleasant surroundings create a good mood) and whether the allotted time chosen as well as the time of day are favourable.

2.3.2. Organisation context

- The general objectives and strategies of the company as well as the company's structure have an impact on the individual problem-solving processes. Their mutual

effect is to steer behaviour and reflections in a certain direction, sometimes subtly and unnoticeably, on another occasion assertively and impatiently. With objectives and strategies, it is above all the decision-makers' heads that are being addressed, as far as culture is concerned, it is more a question of emotional impulses.

- Beneath the general objectives there are official or unofficial management preferences that bear weight on the evaluation of a decision. These management preferences can be homogenous or heterogenic. In all probability they will be found in the decisive decision-finding discussions, possibly the relevant representatives or at least some of them are present.
- The formal and informal forms of sanction also bear influence on behaviour. What kind of (decision-making) behaviour pays off and what causes difficulties?
- The result of the decision-finding process finally finds its way into further decision-making arenas and procedures, where it is combined and reinforced with other decisions, but also maybe neutralised. The way in which individual decisions are interlinked in the company and what 'fate' seems predetermined for the decision in question has a repercussion on the development of the decision itself.

2.3.3. *Making decisions*

The multitude of possible determining factors in the decision-making process on the 3 different levels makes it clear that a simple and linear decision-making model would not do justice to the reality. The interplay between decision-making logic, decision-making behaviour and the relevant context factors leads to the fact that one-sidedness in the way something is seen and approached would in all probability result in unsatisfactory solutions. This can become apparent immediately or only later on, when the ensuing long-term and side effects make themselves felt.

Systemic simulation models can be of great help, e.g. the St. Gallen Model for holistic problem solving or the sensitivity model by Frederic Vester. Also Dietrich Dörner's conclusions based on his thoughts on the 'Logic of Failure' are worthy of note. All these approaches can reinforce **objective rationality** from the point of view of the whole system and secure it a prominent position.

Furthermore, attention to micro-politics is important. In a certain sense it is the opponent because it follows its individual rationality whether this is conscious or unconscious. Micro-politics can apply to all the named influence factors in terms of interest, to the relevant definitions as to the initial and the objective situation

and in the exterior as well as interior conditions of the situation to be decided. Micro-politics cannot only be judged negatively, as has already been affirmed above, but it also makes sense to watch out in this respect.

The main key to understanding and arranging decision-making situations successfully is communication. If the quality of this is high, the complexity of the external relationships can be made quite clear. Then the notions of reality, basic assumptions and mental models in the participants' heads can also become transparent. Unconscious processes, as also emotions, come under mutual scrutiny. This is a good basis to come into a productive 'flow' with one another which can elicit original and truly innovative ideas and problem solutions.