



Provide Information to Support Decision Making

■ *Scope*

This unit examines the role of accurate, up-to-date, relevant and timely information in managerial decision making. Managers need to give and receive information, analyse it, store it and use it as sound basis for making day-to-day decisions. This will include financial information, information relating to human and physical resources, information about customers, competitors, suppliers, markets and the business environment in general. Managers also have to advise others on pertinent matters and ensure that the flow of information is smooth and appropriate to all involved in the business.

The unit covers the following areas:

- D4.1** Obtain Information for Decision Making
- D4.2** Record and Store Information
- D4.3** Analyse Information to Support Decision Making
- D4.4** Advise and Inform Others

Point to Ponder

Managers cannot plan, organise, lead and control effectively unless they have access to information. **Information** is the source of knowledge and intelligence that they need to make the right decisions. Information, however, is not the same as data. **Data** is raw, un-summarised and unanalysed facts such as volume of sales, level of costs or number of customers. Information on the other hand is highly organised data that can communicate a great deal of meaningful information. What most people do not realise is how buying a pair of Levi's jeans at a supermarket or a Ford motor car in a showroom makes the customer a part of these companies' information systems, at least for a short while.

The network begins with the point of sale, either at the cash register where one pays or at the sales department where one signs up the car sales contract. These sales automatically trigger a series of automated decisions, telling Levi's computer systems to produce another pair of jeans in the same size or Ford's network to set up production for another car and to transport the items to the store or the showroom to replace stock that has been sold. Such information technology combining telecommunications systems and computers, is an integral part of the way organisations do business.

Peter Drucker (1988) defines information as 'data endowed with relevance and purpose'. **Knowledge** on the other hand is 'information distilled via study or research and augmented by judgement and experience'. In terms of managerial relevance, suppose Marks & Spencer's wants to study why the sales volume of their new range of clothes is not going as predicted. To get the answer, their market researchers carry out a survey consisting of a set of questions. The answers from customers are put into computers where by themselves they are nothing but a set of numbers however, when this raw data is processed into graphs and charts showing the responses by age or price parameters, thus providing managers with accurate and relevant information, that knowledge can be applied to draw conclusions such as a hypothesis about why young consumers who wish to buy fashionable clothes at cheaper prices are less inclined to frequent the shop.

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Managers are, of course, inundated with information all the time. Information has to be **pertinent, relevant, accurate, complete and timely**. Good information reduces uncertainty. **But even good information is useless without the knowledge that comes from analysis, interpretation and explanation**. Imagine a busy manager surrounded by a stack of papers with a telephone receiver to each ear and a crowd of people gathered around waiting to talk to him or her. Obviously the many demands put on this person can slow down the system and make its operation less effective. When any part of the communication network becomes bogged down with more information than it can handle effectively, a condition called '**overload**' comes into existence.

Consider, for example, the bottleneck in the flow of routine financial information that might result when members of the accounting department of an organisation are tied up in preparing corporate tax returns. Naturally such a state poses a serious threat to effective organisational communication. As today's managers face more information overload than ever before, they tend to ignore a great deal of relevant information they need to get their job done. When systems are overloaded, **distortion** and **omission** can result. Managers can employ **gatekeepers** such as administrative assistants to control the flow of information.

Managers at different levels in an organisation require different types of information. Firstline managers tend to focus on short-term, operational decisions; at this level information should emphasise activities such as account receivables, order entry and inventory control cash management. Middle managers tend to focus on medium-range decisions such as events that might affect the organisation in the next year or so. Therefore, they need information for the purpose of budget analysis, short term forecasting and variance analysis. Senior managers focus on long term, strategic decisions; they need information that enables them to make decisions such as expansion, acquisitions, mergers, diversification or new product development.

Investigate

1. **Reflect on what kinds of information you need and how you analyse it to identify key areas of your activities and priorities. Evaluate your information storage and retrieval.**

Information systems are systems for acquiring, organising, storing, manipulating and transmitting information. A **management information system (MIS)** is an information system that managers plan and design to provide themselves with the specific information they need to perform their roles effectively. Before the age of computers, clerks recorded important information on paper in words and numbers and sent copies to managers, customers and suppliers, and filed one for future reference. **Information technology** is the means by which information is acquired, organised, stored, manipulated and transmitted. Rapid advances in the power of technology, specifically the use of computers, are having a major impact on information systems.



Decision making cannot be achieved in an information vacuum. To make effective decisions managers need information both from inside and outside the organisation. When deciding how to price a product, a marketing manager needs information about how customer will react to the different price range, what their priority is – price or quality; he or she also needs information on unit costs as a decision cannot be made to set the price below the cost of production. They must have information about the organisation's competitors. Thus, it becomes imperative for a manager to be able to acquire, process and draw conclusions from information originating from a variety of important sources.

Because information requirements at each level of the organisation are unique, there is a corresponding hierarchy of information systems from strategic level systems to operational level systems.

- **Executive support systems**
- **Management information systems**
- **Transaction processing systems**
- **Decision support systems**
- **Enterprise-wide information systems, the organisation's 'digital nervous system'**
- **Office automation systems**
- **Local area networks (LAN)**
- **Wide area networks (WAN)**
- **The Internet**

The bottom line is that today, information technology and the Internet are helping managers to manage at the speed of thought. Many of today's virtual corporations and strategic alliances which depend for their existence on rapid, inexpensive multimedia communications, would be impossible without such tools. Similarly, many team-based organisations will be unmanageable without sophisticated systems through which geographically dispersed team members can communicate virtually 'face-to-face'.

For all their usefulness, information systems have some limitations. A serious potential problem is that in all the enthusiasm for management information systems, electronic communication by means of a computer network, a vital human element of communication might be lost. Managers have been heard to complain that one drawback of their internal email system is that people spend a lot of time behind closed doors staring at their computer screens and communicating electronically, but spending little time interacting directly with other managers.

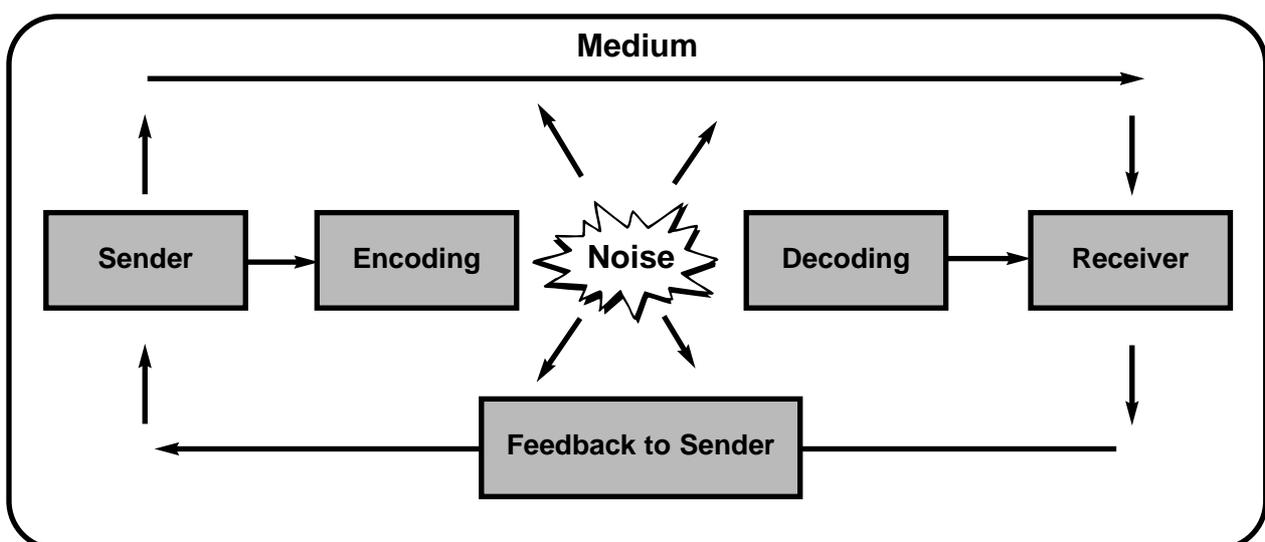
Because individuals spend nearly 70% of their waking hours **communicating – writing, reading, listening, speaking** – it seems reasonable to conclude that one of the most inhibiting factors to successful group performance is a lack of effective communication. No group can exist without **communication: the transference of meaning among its members.**

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It is only through transmitting meaning from one person to another that information and ideas can be conveyed. It must also be **understood**. Communication serves four major functions within a group or organisation – **control, motivation, emotional expression and information**. Communication helps to **control** member behaviour in several ways. Organisations have authority hierarchies and formal guidelines that employees are required to follow. These help them to appreciate the standards of performance and behaviour they are expected to uphold and the penalties if they fail. Communication fosters **motivation** by clarifying to employees what is to be done, how well they are doing and what can be done to improve performance if it is below par.

The formation of specific goals, feedback on progress towards the goals and reinforcement of desired behaviour stimulate motivation, all these require communication. For many employees their group is the primary source of social interaction. The communication that takes place within the group is the basic mechanism by which members express their frustration or feelings of satisfaction. Communication this way provides for the release of **emotional expression of feelings** and for fulfilment of social needs. Finally it provides the **information** that groups and individuals need to make decisions by transmitting the data to identify and evaluate alternative choices. Before communication can take place, a purpose expressed as a message to be conveyed is needed. It passes between a source (the sender) and a receiver.

The message is encoded and passed by way of some medium (channel) to the receiver who translates (decodes) the message initiated by the sender. The result is the transference of meaning from one person to another.



Despite the apparent simplicity of the communication process, it rarely operates as flawlessly as it appears. There are many **barriers to communication**; the name given to factors that distort the clarity of a message is **noise**. Noise can occur at any point along the communication process: messages that are poorly encoded (written in an unclear way, for example), or poorly decoded (not comprehended), or channels that are full of static (receiver's attention diverted from the message) may reduce the communication's effectiveness.



Personal communication styles will alter the meaning of same words. **Gender** difference can impact on communication; men emphasise and reinforce their status when they talk whilst women focus on creating positive social connections between themselves and others. Whereas women tend to listen and lend social support, men tend to take control by offering advice. The implications of such differences come to the surface once we come across findings that people in powerful positions tend to reward others whose linguistic styles match their own. The solution for both these two barriers lies in appreciating and accepting the different styles people have. As Tannen puts it, '*Talk is the lifeblood of managerial work, and **understanding** that different people have different ways of saying what they mean will make it possible to take advantage of the talents of people with a broad range of linguistic styles*'.

When people speak different languages or have cross **cultural differences**, communication between them may be imperfect. Also different words may mean different things to different people; for example the Russians have difficulty in understanding words like **efficiency** and **free market** which have no direct translation in their own language. Another factor that makes cross cultural communication difficult is that different cultures sometimes have very different norms about using certain words. For example, the Japanese are reluctant to use the word 'no' directly to someone because doing so is seen as insulting. This is a concept that most foreigners will find difficult to cope with whilst in Japan! In different languages the same word can mean different things. In Hebrew 'shalom' means both 'hello' and 'good-bye' as well as 'peace'. Confusion is bound to arise. To promote cross cultural communication:

- **Observe but do not evaluate**
- **Assume that people are different from yourself**
- **Do not jump to conclusions**
- **Take the other person's perspective**

Selective perception is when receivers selectively see and hear information based on their needs, motivation, experience, background and other personal characteristics. They also project their interests and expectations into communications as they decode them.

■ *Formal and Informal Communication*

- **Downward, upward, lateral**
- **The grapevine and the rumour mill**

Communication is influenced by organisational structure, the formally prescribed pattern of interrelationship between people in organisations. Structure dictates who must communicate with whom, and the form the communication takes. Orders flow down the organisational hierarchy, and information flows upward. Often the upward flow of information is distorted as people are reluctant to share bad news with their superiors. Attempts at coordination characterise horizontal communication, messages between members at the same level. Information flows rapidly along informal channels.

■ *Methods of Communication*

Verbal communication, sharing messages with words includes:

- **Oral** – speeches, formal one-to-one and group discussions, meetings, presentations, telephone conversations, team briefings and the informal rumour mill or grapevine are popular forms of verbal communication. The advantages of these forms are the speed and feedback. The major disadvantage is that whenever the message has to be passed through a number of people there is great potential for distortion
- **Written** – letters, memos, e-mail, fax, newsletters, employee handbook
- **Computer-mediated communication** – e-mail, instant messaging, videomediated communication, speech technology

A medium's effectiveness depends on how appropriate it is for the kind of message being sent. Research has shown that oral media – telephone calls and face-to-face conversations – are more effective than written media, especially when messages are ambiguous. However, written media are more effective when messages are clear. Not surprisingly, managers who match the type of communication media they use to the kind of message they are sending are considered to perform their jobs more effectively.

Non-verbal communication or communicating without words is about the gestures we make, the distance we keep from others and the use of eye contact: all speak volumes about our relationship with others. Despite cultural differences, some of the most prevalent nonverbal communication clues in organisations come from the following sources:

- **How people dress (communicating by appearance)**
- **The way they use time (the waiting game)**
- **The manner in which they use space (what does it say about you?)**

Body language too often complicates verbal communication. Whilst a body position or movement does not by itself have a precise meaning, linked with spoken language it gives fuller meaning to the sender's message. Facial expressions also convey meaning, along with intonation; expressions can show arrogance, aggressiveness, fear, shyness and other characteristics that would never be communicated if a transcript of what had been said is read.

Investigate

2. Explore the ways in which information is communicated across your organisation. How effective are they? What would you recommend to combat communication flaws and improve its quality? How do you encourage your team to contribute to improving communication systems?



■ *Improving Communication Skills*

- **Use simple, clear language (keep it short and simple – KISS), avoid jargon**
- **Become an active, attentive listener. The HURIER model indicates that effective listening is made up of six components:**
 - **Hearing (paying careful attention to what is being said)**
 - **Understanding (comprehending the message being sent)**
 - **Remembering (being able to recall the message that was sent)**
 - **Interpreting (not reading anything into the message the sender is communicating)**
 - **Evaluating (not immediately passing judgement)**
 - **Responding (replying to the sender, letting him know that you are listening) (source: Brownell, 1985)**
- **Gauge the flow of information (overload)**
- **Give the receiver feedback**
- **Be a supportive communicator** – focus on the problem, not the person, honestly say what you mean, own up to your decisions, use validated language, strive to keep the conversation going
- **Use inspirational communication tactics** – project confidence and power with emotion-provoking words, be credible, pitch your message to the listeners, cut through the clutter, avoid ‘junk words’ that dilute your message

One crucial factor to remember in the gathering, collation, analysis, storage and retrieval of information and its communication is that managers are able to identify and adhere to confidential and sensitive information. Information relating to individuals (personnel information) has to be handled with care and attention to the individual's rights as well as organisational policies and procedures. **The Data Protection Act 1984** and **the Freedom of Information Act 2003** give clear instructions as to what information can be held on file and what rights employees have to see it.

Investigate

3. **Write a reflective statement about your own communication skills, and how you use this to inform and advise your colleagues, team members and manager, paying attention to confidentiality. What can you do to improve the likelihood that your communiqués are received and understood as you intend?**

Unit D4

■ *Guidance for Gathering Evidence for this Unit*

All elements call for a personal narrative covering the performance criteria. Note – If you can produce supporting documents from your workplace, then you will be able to gain many performance criteria as well.

Possible Sources of Supporting Evidence		
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<i>Possible Source of Evidence</i>	<i>Used</i>	<i>Location in Workplace/Portfolio</i>
Documents requesting information from others or giving information to others		
Instructions to your team to carry out work to gather information		
Planning documents		
Reports on any research you have done, any changes you might have made to get better or additional information		
Any charts, graphs, diagrams, and reports you have developed to present information and the rationale behind such a form of presentation		
Explanations and supporting evidence of how you store information		
Evidence of how you study, interpret and make decisions on the basis of the information you have such as customer surveys, staff surveys, trend analysis, discussions with your team or colleagues or reports to your manager		
Evidence of communications between you, your colleagues, your team and your manager		
Evidence of advice you have given to anyone		
Minutes of meetings where you have given advice on a subject		
Candidate's Signature		
Assessor's Signature		
Comments:		

