Decision Making in Healthcare Organizations

Sebnem Aslan
Selçuk University
Turkey

Adnan Çelik
Selçuk University
Turkey

S. Aunifu Toygar
Selçuk University
Turkey

Demet Akarcay
Selçuk University
Turkey
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Dr. Gregory T. Papanikos
President
Athens Institute for Education and Research
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Abstract

The act of decision making appears both in our private life and work life, as a fact of our life. Decision making implies the choices which are made in respect of the issues such as wages, processes, activities of markets, voting for a party and betting in which a discipline like politics, psychology, system analysis work and especially economy. Decision-making is also one of the vital and crucial part of the management. Starting from the planning up to the control process in all management functions, decision-making are used certainly. The organizational planning is an act of decision making and therefore, the act of decision making composes the basis of management. The activities of decision making, which are the indicator of the achievement of the manager, solving the problems occurred, the hit rate of decisions which the manager has made, indicate the organizational achievement. It could be resulted in organizational failure to stay undecided or to make incoherent decisions. Thus, decision making is an important mechanism for the organizational management. At the same time, decision-making in healthcare organizations is crucial in terms of meeting the patient demands and expectations in order to increase the health quality of the community. The process of decision-making could be expressed by taking two main aspects into consideration from the patients and also from the managers. In other words, decision-making in healthcare organizations is pivotal due to effects on patients’ lives and also providing effective management process.

Key Words:

Corresponding Author:
Nature of Decision Making

Besides decision making in short points out the choice made between the alternatives more than one in order to achieve the desired objectives (Lyles ve Joiner, 1986: 120), it may also be described in many other ways. However, decision-making has a greater meaning that selecting what to do (Barker, 1999: 17).

Decision making is in common with creative thinking and the concept of problem solving according to Adair (2000:33). These three concepts could be considered as a type of effective thinking. In accordance with Marquis and Huston (1992:21), problem solving is a part of decision making and also problem solving, which focuses on faced challenge to analyze it, has a stage of decision making as a systematic process. Decision-making could be ruminated as a very practical implementation of strategic thinking (Drucker ve Maciariello, 2007: 177-178).

Decision making could help in resolving the complexity of a situation and bringing the uncertainties and suspicions related to this situation down to a manageable level (Ule, 2009, p. 91). The process of decision making gets serious and difficult at the stages of controlling and managing the organizations and it appears having a key role in it (Kolbin 2003, p. 345).

To a wider explanation of decision making: “Organizational decision making is the process to make decisions following the protocols, rules, and conventions defined by an organization. This process is usually done in a common command post or in the command post of each organization. The implementation of these decisions is carried out mainly using resources from the organization (e.g., equipment, human resources, and materials.)”. (Ochoa & Pino, 2008, p. 71).

Strategical Approach and Basis of Decision Making

The process of strategically thinking is resulted in an act of decision making (Lyles ve Joiner, 1986: 120). For this reason, firstly the examination of the concepts of strategy and strategic thinking would be avail.

Strategy might be identified as current activities in order to achieve long-term goals of the organization (Hussey, 1991: 1). Luke et al. (2000:402) has described the concept of strategy as a set of ideas and concepts, which have guided for the organizations in order to give them a competitive advantage over their competitors and achieve their goals. The concept of strategic thinking has associated with advanced sensitivity of changing conditions, active thinking, request of thinking in different ways, avoiding traps prepared by our knowledge and the maintainence of decision-making capacity (Wells, 1998: ix). Strategic thinking could be summarized with three simple questions; What does it likely to be?, What sort of possibilities do we face with?, What will we do about that? These questions have reflected to natural flow as a characteristic of strategic thinking (Sperry 2003: 165).
The concept of decision making from the aspect of strategically management, will be important in providing an advantage of competition to the organizations, making necessary settings for the organization to adapt itself to the changes which take place around and providing the opportunity of preparation to the organization in advance about not only the advantages but also against the surrounding threats. At this point, the whole six steps of the loop of strategically decision making composed of three stages as perceiving, understanding, reasoning (Figure 1), are described as follows (Wells, 1998, p. 65): Gaining perception, developing farsightedness, definition of the strategic tools for a competitive advantage, matching the tools with capacities, choosing a basic strategy and making this strategy work.

The basic points of decision making handled with the strategic point of view could be summed up as determining the weak and strong points by means of estimating the actual performance outcomes of the organization as part of the strategically thinking loop and describing the external environmental threats and opportunities of the organization and implementing the programs, procedures and strategies obtained by a selection from among the alternatives and checking the outcomes with the objectives.

Figure 1. Loop of Strategically Thinking


The Process of Decision Making

The rational approach in decision making states the step-by-step progressing process to maximize the outputs of decision making point-of-view. Decision making includes the management appearance at each stage along with the process embodied by it. Although there are similar to the classifications, according to Drucker (2001:2-3) and Sperry (2003:169), it has been mentioned the existence of six steps in decision-making process. The process of decision-making could be defined in six steps, in compliance with ‘Lyles Method’ and problem solving is located at the end the process as seventh step (Figure 2).

What is basis in decision making is to determine a problem in the first place and based on this, to be aware of a situation about making a decision. In corporations performing an effective crisis management, the existence of early warning signals is the best example to such awareness. Besides, in the similar way, the imagination related to the ability using the right lobe of brain could also be an example of such awareness. For, due to the strategic management,
to foresee in advance the non-existent in the market, to produce goods and services in capable of an answer to the future customer’s expectations are also an ability of awareness. To state the recognized problem also creates another stage. As it is known, *Albert Einstein* pointed out that to determine the problem well would provide a basis to solve it. It needs collecting the necessary information about it. Today, *informatics, management systems of information, information systems of communication* provide this by the devices which obtain the timeliness, truth and reliability of information. Besides this, it could be used several methods to reach the effective information which affects the decision making. Some of the used best known ones among them are brainstorming, reflective ranking, Delphi method, to the mountain hike, The Fishbone technique, Force-field analysis, Multivoting and Nominal Group Technique.

**Figure 2. Lyles’ Method**

At the stage of collecting information, another important point is that the *Framing Effect* in decision making shouldn’t be ignored. This effect provides that the way of determining a problem (the words used, the accent, wording, the way of information presentation) will urge people to develop different perceptions and attitudes and will affect the people’s choices.

In decision making, after the stage of determining the problem, *the alternative options* to ensure to accomplish the organizational objective should be fixed. With regard to the management, the functions of decision making begin with determining the objectives, and after the choices picked up on the basis of the cause-effect relationship from among the alternatives compared and evaluated by means of surveying the internal and external environment in order to reach those objectives, it ends in checking the decision implemented with the objectives and performing a follow up. In the process of decision making, there is a result-oriented tendency. However, decision making is not a result. On the contrary, it holds a feature which displays a device of continuity.
to accomplish the organizational objectives. Along with determining the steps of the process of decision making in this way, as the approach of the organizational process provides, instead of forming a universal model of decision making which holds principles and procedures, there could be some situations occurred that the decision makers should make practical decisions under certain conditions. According to another one called the political approach, the act of decision making is actualized pertinent to the political standpoint regarding the political factors in the organization.

Classification of Decision Making

The organizational objectives, at whatever stage it is, it is within the manager’s position of duty. Depending on who owns the responsibility, decision making can classify planned and unplanned decisions. If a classification is made depending on who owns the responsibility, then it is possible to emerge four different types of decision, as the decisions on routine, urgent, troubled or consulting issues. As routine decisions point out the decisions made which generally prevent from wasting time when left to the manager to make and are described as the ones to perform the organization’s functions, urgent decisions are those intended for the problems needed a rapid process in order to accomplish the objectives within the organization’s body. Besides that, the decisions made when a situation appears and there is no certain solution are described as the troubled decisions and the decisions to appear in a way of causing a consultative demand to the people outside due to the coverage of the people to be affected by the decisions are described as the consulting decisions. Along with this, in general, as the decisions unimportant and holding a repetitive feature, including no high risk, delegating to someone else easily, on the basis of the standards and procedures and displaying so little uncertainty are stated as planned or programmed decisions, in contrast to those situations, the decisions including high risk, recent, nonrepetitive, occurring in forms and at times unexpectedly are stated as unplanned or unprogrammed decisions (Carrel, Jennings, & Heavrin, 1997, p. 125).

Besides that, there are individually made decisions as a person and collective decisions made at the group level. As the two main approaches in decision making, while authoritarian decision making approach states that the managers should make decisions standalone and carry out them; democratic decision making approach accentuates sharing with the manager and the other members of the team the responsibility to be occurred by the decisions to be made. Between these two approaches, a series of operations for decision making lay in the way of either the manager getting the rest of the team’s approval about the decision he/she made or the manager discussing about it with them before making a decision.

In addition to these, the other types of decision-making that essential to be explained could be expressed in the following; strategic decision-making, decisions at this level have been applied on the whole organization, have
conceptual properties and long-terms results for the organizations. These decisions which have comprised the main objectives, strategy of organization and the relations with the external environment, are settled majorly by the top management. This is the main scope of unprogrammed decisions (Sperry, 2003: 170). *Managerial decision-making*, could be also named as tactical decision-making and are settled by middle-level managers and applied to only one unit or several related units. These decisions could have long or middle-term results. At this level, unprogrammed decisions could be also made up as well as programmed decisions (Sperry, 2003: 170). *Operational decision-making*, these decisions at this level are made applied by supervisors or first-line managers. These decisions have applied to only one unit for daily operations and have short-term results. Even if supervisors occasionally concern with unprogrammed decisions, this level is expressed as a basic field of programmed decisions (Sperry, 2003: 170).

**The Factors Affecting Decision Making**

While making a decision, it requires that there should exist alternative options and differently thinking people accordingly. It is difficult to realize this in the organizational structures displaying groupthink in which the unidirectional opinion rules. The researches on decision making traditionally focus on how people individually make choices from among the alternatives and what methods they use in determining the best alternative or right decisions (Cook et. al, 2007, p. 389). However, the essential point in this is to ensure to make the optimal choice pertinent to the organization’s objectives and culture.

Researches show that a mismatch exists between the ways of decision making which people state and those which they display. Decision analyses find ways in order to make revealing and fulfill all the objectives or criteria in danger, evaluate each alternative of decision according to these criteria and make decisions on the basis of the decision to be made that determines which criterion is more important and which of the objectives we are ready to give up in order to reach the others in wider dimension (Pimentel, 2011, p. 127–128). Thus, it could be inferred that there is an inability of people in determining their own process of decision making and a problem might exist about the methods applied or as a real humanly behavior, in decision making individualistic differences shouldn’t be taken into consideration (Franken & Muris, 2005, p. 996).

In decision making in parallel to this opinion, two processes of decision making are referred: *rational and behavioral*. As the *process of rational decision making* is based on the classical theory of decision which explains in what way the managers should make firm resolutions in the managerial world, behavioral process of decision making have been developed from the behavioral theory of decision making which acts based on the perceptions only about a certain situation and points out that individuals have cognitive limits
Since it can’t be said that there is a system which is informed of all the information in the world and carry through this information completely, there will be a utopia to expect making rational decisions from the managers all the time in a social climate in which the information rapidly stales. Regarding the bounded rationality approach in this described environment it is observed that the managers can not make preferences on a rational ground due to either uncertainties or the existence of the limited and insufficient information. In truth, to Kolbin (2003), in the process of decision making decision makers frequently act under an uncertainty such as having less information than the organization needs (Kolbin, 2003, p. 469).

Ethical approach in decision-making process affects also the structure and results of decision. As a matter of fact, Kohlberg (1969) and Rest (1976) emphasize that processes of individualistic decision making are a function of their cognitive and moral development (Street, Robertson, & Geiger, 1997, p. 1154). The Jones issue-contingent model, which has been built by Jones (1991) for the task of the process of ethical decision making in organizations, focuses on the effect of moral density in the process of ethical decision making. To Jones, the moral density is described as the variability in the reply given by the individuals to the different moral issues.

In decision making, the other variable is emotions. Emotions have two different effects on the process of decision-making. The first effect of expected emotions consists of the estimations about the emotional results of the decision outputs. In decision making people estimate alternatives related to the emotional processes and then evaluate the alternative which maximizes the positive emotions and minimizes negative ones. Immediate emotions are described as those we experience at the very moment of making a decision and they appear as the second effect to us.

There are several approaches in order to take strategically decisions affecting an organization or team’s performance and direction. One of these approaches is a motivational theory, named as Reversal Theory, which has been developed by a Professor of psychology Ken Smith and Apter as the result of their research starting from the middle of 1970s. According to this theory, we are always changing; people whom we desire to influence and manage, are continuously changing and improving. In motivating individuals the Reversal theory describes human behaviors’ paradoxes by asserting process, idea and the conflict issues to be likely to be arisen by other people, the existence on the motivation of the concepts such as friendship relations, interaction, interest (Kourdi, 2003, p. 79-82).

It is seen that decision making models such as the model of expected benefit, care of the definite and exact outputs of individuals’ decisions in the broad scope of fields of research and implementation. However, modern cognitive-estimation theories discovered not only emotions deal with special experienced outputs, but also they depend on the other characters such as situational or personal factors and expected or unexpected outputs.
Apart from the individual, another effective issue of decision making factors is group decision. Group thinking shows the differences of group members and the diversity of thought. This also highlights the success of decision-making and the decline in incorrect decisions (Tasa & Whyte, 2005, p. 121). According to Ginkel and Knippenberg (2004), one of the main problems in relation to decision making groups is the belief of having a consensus in respect of their main tasks, for example they tend to reach a compromise and bring the preferences together rather than the ways of sharing the information and making a decision based on information.

Feed-back system can be effective with the aspect of the performance-oriented examination of the results of decisions made. A study which researched the effect of feed-back frequency for performance about decision making and obtaining the information to provide decision making, specified the following issues that less often experienced feed-backs help managers to make better decisions and it is not necessary to update information frequently and frequent feed-backs even cause decline in performance and also changes made by the feed-backs getting from the markets could not be effective from the aspect of costs (Lurie & Swaminathan, 2009, p. 316-327).

It is stated that another variable affecting decision making is the environmental and organizational climate of decision makers. In the survey, the relationship between optimal criterion of decision making and organizational structure has been observed. For example, in a hierarchical structure, criterion (quality) of decision making is at a low level to counterbalance the relatively limited power of individuals’.

The Position of Cultural Interaction in Decision Making

Since the position and importance of the cultural interaction in decision making have gained an undeniable dimension it is beneficial to explain this issue. Cultural differences could be closely related to organisational structures, styles of being a leader, motivational practices and along with the processes of decision making. We have accented the examples the USA representing the Western culture and Japan the Eastern culture. The Eastern societies partially vary from the West in respect of developing based on traditional values and displaying an organisational performance. As in mentioned in Model or Theory Z, The culture of the country also affects the organisations in a philosophical structure. The effect of the mindset of the national integrity has fairly big on the management of corporates and organisational decisions as in the example of Japan. Western societies also have started to add such values to the static structures of corporates recently. In a word, it gains prominence to find different positive points in each situation associated with the attitudes having differed in different situations as said in the situational approach rather than mention the certain patterns to stay the same in any situation and argue for the same solutions for everybody. Thus, the concepts considered necessary are implemented from among the ones evaluated by the respect of Type A
organisation (American) such as “short term employment, individually
decision making, individualistic responsibility, rapid evaluation and promotion,
open mechanism of control, specialised vocational development and
considering the employee as a laborer” and from among the ones evaluated by
the respect of Type J organisation (Japanese) “life time employment,
collectively decision making, collective responsibility, slowspeed evaluation
and promotion, covered mechanism of control, non-specialised vocational
development, national integrity, the integrated approach considered the
employee as a human. As a conclusion, Type Z the organisational model of
behavior, which consists of “long term employment, collectively decision
making, individualistic responsibility, slowspeed evaluation and promotion,
covered informal control by using open and formal criteria, mild level
specialised vocational ways, integrated approach including the family as well”,
has been started to be well accepted at an increasing degree. (Ouchi & Jaeger,
1978; Pascele & Anthony, 1986; Odorne, 1984). Intercultural transition and
international dialog have closely affect corporates’ strategies and decision
making functions of managers with the effect of the globalisation as well.

Organizational Outcomes of Decision Making

Decision making has significant contributions for organizational results.
Primarily, executives should improve decision making and problem solving
skills in order to increase the managerial efficiency, because they spend too
much time for decision making and problem solving (Marquis & Huston, 1992,
p. 21). On the other hand, the effective use of sharing information in group
decision contributes to make good quality decisions. Decision making affects
organizational learning methods. Organizational learning, which is defined as
obtaining the organization benefit of new information thanks to the new
information production of the organization’s members and seeing the effect of
that on behaviors of organization’s members, offers the organization the
opportunity to respond to rapid changes in the environment. In a study, which
was carried out by Bourgeios and Eisenhardt (1988), it has been observed that
decision making has an effect on organizational performance and
organizational learning. In this survey, it was discovered that fast decision
makers use more information and they generate more alternatives about
decision making compared with the slowspeed decision makers (Bettis-
Outland, 2010, p. 3). Besides, making strategically correct decisions in the
organization with the respect of providing satisfaction of internal and external
customers, contribute to providing a climate of trust because of creating a
positive effect. Trust is a lodestar among the shareholders regarding making
risky decisions, because the parties perceive the situation less risky in the
climate of trust.
Implications for Management

Decision making is the specific activity of the manager. Effective decision making requires a disciplined process. In addition to them, it is important that decision makers have the right sources of information about the subject to be decided on, could focus on the decisions to be likely to have influence in decision-making and interpret this information correctly. So, improvement of means of communication of today and widely use of these media among team members have increased the quality and efficiency in decision making by providing more information production than face to face communicated teams could (Alge, Wiethoff, & Klein, 2003, p. 26-29).

Information technology and particularly decision supporting systems provide better and more informed decisions in effective decision making. Decision supporting systems are expressed as connected computer based systems providing decision making activities. Decision supporting systems use several concepts of general information and theory such as database researches, artificial intelligence, decision theory, economics, cognitive science, management science, mathematical modelling (Kou, Shi, & Wang, 2011, p. 247). ‘As defined by the International Society on Multiple Criteria Decision Making (MCDM), MCDM is the study of methods and procedures by which concerns about multiple conflicting criteria can be formally incorporated into the management planning process.’ (Kou, Shi, & Wang, 2011, p. 247). According to MCDM model, in the framework of group decision making, the last decision making process is supported by bringing together different decision results obtaining by the decision makers (Kou, Shi, & Wang, 2011, p. 247).

Along with that, according to the theory about the distribution of decision making authorities based on special information and difference of perceptions, information spreads at various management levels in most organizations. What is necessary for the investment decisions that they should be based on appropriate collective information with the respect of management (Harris & Raviv, 2005, p. 354).

As companies have become more extensive and complex, strategic decision making also becomes more complicated. Executives often need check lists or guidebooks to receive help from them in gathering necessary information for improving strategical analysis, alternative analysis and programs (Wheelen & Hunger, 1995, p. 40).

Decision Making in Healthcare Organizations

In the developing world, health systems have faced with technological developments, increasing patient expectations, raising demand due to the aging of the population. Under macro conditions, governments, under micro conditions health system managers have to settle decisions as decision-makers
in order to achieve maximum health outcomes with limited resources (Levine, 2002: 532).

In organizations, delivering healthcare services, it is observed that the three levels of decision making (strategic, managerial and operational decision), which were explained in the previous parts, have a close relationship with the three levels of organizational planning (strategic, long-term and operational planning).

Lyles and Joiner (1986: 132) make proposal the following issues to new managers by highlighting the effect of various different causes on problems or decisions to improve their problem solving performance in the organizations (Lyles and Joiner, 1986: 132):

- Guess the problems, be aware of the symptoms and prevent the problems before they are greater by using as much as possible prohibitive activity.
- Bring a habit of problem solving and decision-making. Avoid hesitation, wobble, suspension problems and making decisions in tired, angry, pensive conditions.
- Determine the priorities of decisions and problems.
- Particularly, allocate difficult problems into items related to each other (occasionally, the solving of an item provides to solve other items easily)
- Try to reach all details, burst prejudice, struggle current assumptions.
- Include people affected by these decisions into decision-making process.
- Determine and evaluate risks and all possible results.
- Give the necessary time for “Incubation period”. However, determine the boundaries of time, make your decisions as fast as possible but avoid immature decisions.
- Remember to ensure more equal working environment that it should be more then one alternative. There is rarely just one “right answer”.
- Do not forget creation of additional plans and the necessity of improvement of these plans to implement a successful plan.
- Accept personal responsibility and the results of each decision.

References


