

**DegreeLive**

B.Com Honours

Semester I

Calicut University

# **Business Analytics for Decision Making**

Course Code: COM1MN110 • Module 3 Notes

# 1. Decision Making in Organizations: Management Functions

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Decision-making represents the core activity of management. Every planning document, organizational chart, control threshold, or leadership directive is the result of a choice made among alternatives. Integrating data analytics into organizational structure allows managers to make informed decisions that minimize risk and optimize performance. This module covers the role of decision-making across management functions, data-driven decision-making (DDDM), hierarchical decisions, and programmed vs. non-programmed decisions.

## Decision Making across Management Functions

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Managers make decisions continuously across all six fundamental management processes:

- **Planning:** Setting organizational goals and choosing strategies to achieve them.
- **Organizing:** Deciding how to group tasks, allocate resources, and design reporting structures.
- **Coordinating:** Aligning different departments and team schedules to ensure smooth operational flow.
- **Leading:** Selecting motivational styles and directing employee teams toward corporate targets.
- **Motivating:** Deciding on incentive schemes, recognition programs, and employee benefits.
- **Controlling:** Setting performance benchmarks, comparing actual results against targets, and taking corrective actions.

## Data-Driven Decision Making (DDDM)

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DDDM is the practice of basing organizational decisions on verified data analysis rather than on pure intuition, personal experience, or gut feelings. DDDM provides several clear advantages: it removes personal bias, provides a consistent and reproducible decision framework, allows scalability via automation, and significantly lowers operational risks.

## Hierarchical Decisions in Organizations

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Decisions are categorized based on their scope, duration, and the level of management responsible for them:

Hierarchy Level	Decision Scope	Structure & Risk	Typical Examples
<b>Operational / Transactional</b>	Daily routine tasks; short-term impact. Low management level.	Highly structured; low risk. Easily automated.	Reordering raw materials when stock drops, scheduling staff shifts.
<b>Tactical</b>	Departmental goals; medium-term impact (months). Middle management level.	Semi-structured; moderate risk. Requires analysis.	Setting department budgets, launching a regional promo campaign.
<b>Strategic</b>	Corporate goals; long-term impact (years). Top-level executives.	Unstructured; very high risk. Complex variables.	Entering a new international market, acquiring a competitor, building a new factory.

## Programmed vs. Non-Programmed Decisions

Organizations distinguish between routine and unique decisions to optimize efficiency:

### Programmed Decisions

Repetitive and structured decisions that can be handled using routine procedures or Standard Operating Procedures (SOPs). E.g., processing customer returns, calculating payroll taxes, or automatic inventory reordering. Easily programmed into database rules.

### Non-Programmed Decisions

Unique, unstructured, and complex decisions that require custom analysis, judgment, and creativity. E.g., responding to a sudden regulatory change, managing a public relations crisis, or choosing a new brand name. Cannot be solved with pre-written code.

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