

The role of information in strategic planning and decision-making: overview on economic organizations in Oman

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ABSTRACT

This study aims to investigate the issue of the role of information in strategic planning and decision making in Omani economic organizations. It also attempts to understand the process and the importance of information in decision-making. A qualitative method was applied to achieve the study objectives. Thirty participants from eleven organizations were selected for in-depth interviews, nineteen of them are general directors, seven are directors, while the rest are advisors at their organizations. All interviews were analyzed by using thematic analysis. The results show that Omani government economic organizations usually take two types of decisions: technical routine decisions that are regularly made by decision makers; and strategic decisions that reflect the future aspirations of the organization. Participants from different economic organizations believe that there should be a clear strategy for making and evaluating decisions, starting from gathering and analyzing relevant data and following through to implementation of the final decision. They were convinced that quality of information has a major impact on the decision made. Thus results' implication of the study will be achieved by following rules of utilizing reliable information at all levels in strategic planning and decision making.

ABSTRAK

Penelitian ini bertujuan untuk menginvestigasi peran informasi dalam perencanaan strategis dan pengambilan keputusan dalam organisasi ekonomi di Oman. Di samping itu, penelitian ini untuk memahami proses dan pentingnya informasi dalam pengambilan keputusan. Metode kualitatif diterapkan untuk mencapai tujuan penelitian. Tiga puluh partisipan dari sebelas organisasi yang dipilih untuk wawancara mendalam, sembilan belas dari mereka adalah direktur umum, tujuh direktur, sementara sisanya adalah penasihat di organisasi mereka. Semua wawancara dianalisis dengan menggunakan analisis tematik. Hasilnya menunjukkan bahwa organisasi ekonomi pemerintah Oman biasanya mengambil dua jenis keputusan: keputusan rutin teknis yang dibuat secara teratur oleh para pengambil keputusan; dan keputusan strategis yang mencerminkan aspirasi masa depan organisasi. Partisipan membentuk organisasi ekonomi yang berbeda percaya bahwa harus ada strategi yang jelas untuk membuat dan mengevaluasi keputusan, mulai dari mengumpulkan dan menganalisis data yang relevan dan mengikuti hingga pelaksanaan keputusan akhir. Mereka percaya bahwa kualitas informasi memiliki dampak besar pada keputusan yang dibuat. Dengan demikian, implikasi hasil dari penelitian akan dicapai dengan mengikuti aturan-aturan penggunaan informasi yang dapat dipercaya di semua level dalam perencanaan strategis dan pengambilan keputusan

1. INTRODUCTION

The success of organizations of different types and sizes depends on their leaders implementing sound strategies and decisions according to a clear vision of the future, and good understanding of the surrounding environment. This cannot be achieved without the leadership having sufficient and efficient information about the organization and its activities. Therefore, managers and decision makers' ability to make reliable decisions and articulate efficient strategies depend on their awareness of methods of collecting and analyzing the necessary information.

This study aims to explore the role of information in decision making in several Omani economic organizations. According to MuhyiAldin (2004), this kind of organization uses information as an economic and financial resource by exploiting the information at their disposal to enhance their activities and improve their business. Moreover, he argues that there is an increasing emphasis on the use of information to enhance countries' entire economies.

This study, therefore, attempts to examine how Omani economic organizations use information in strategic planning and decision making. This includes an examination of the steps and processes involved in decision making in these organizations, and how information is gathered and utilized for each step.

1. Rationale of the study

Studies indicate that lack of information may lead to wrong or insufficient decisions, which consequently have an adverse impact on the formulation and implementation of strategies. Nowduri (2011) indicated that the existence of high quality, reliable information is essential for effective development, and helping organizations to achieve their objectives. In a speech on measurement of human development, Bill Gates stressed that the data revolution affects the achievement of developmental priorities throughout the world, and by enhancing the quality of their data countries can progress more rapidly toward achieving their developmental goals.

The Sultanate of Oman, as a developing country, needs sufficient information to guide all aspects of its social and economic plans and strategies. Although research studies conducted during recent years have provided decision makers

in the country with valuable facts and figures about various aspects of life, there are still many aspects that have not been touched by researchers. For example, in 2014 the cost of change orders for government projects amounted to OR 240 millions. An obvious explanation for this high cost is lack or inadequacy of information analysis during the decision making process, and failure to follow up and evaluate projects during the implementation stage (Oman, 2014).

This study, therefore, seeks to find answers on the role of information in strategic planning and decision making in Omani governmental economic organizations.

2. Research objective and questions

This study aims to identify the role of information in the process of strategic planning and decision making in Omani governmental economic organizations. To achieve this objective the study seeks to answer the following two questions:

- 1) What is the mechanism of decision making in public economic institutions in Oman?
- 2) 2-What is the role of information in strategic planning and decision making in public economic institutions in Oman?

2. LITERATURE REVIEW

Examination of the management literature reveals that studies on the role of information in the decision making process are very limited. According to Citroen (2011), this is because many studies on company performance regard management information as a production factor that is usually available and taken into consideration. He states that "although input of information is often mentioned in order to be able to consider parameters such as the business environment, internal and external issues and changing conditions during the decision-making process, information is seldom seen as a determining factor" (Citroen, 2011: 494).

However, a good proportion of the literature visited for this study stresses the importance of information in strategic management and decision making. Uçaktürk & Villard (2013) consider information a strategic resource, and therefore good management is only possible when good information is provided. They claim that the survival of today's organizations is likely to be dependent on these organizations taking correct decisions based on obtaining the right information

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and transforming that information into knowledge. Goodman (1993) argues that a critical factor for successful management is the effective use of information. Ineffective use of information occurs when directors make incorrect assumptions or rely on insufficient knowledge. While relevant and timely information allows managers to make accurate decisions, irrelevant information may lead to unsuitable decisions that could adversely affect the performance of the organization. Thus, it is very important that managers are aware of methods of identifying and using sufficient information for planning and decision-making (Choo, 1996).

Many studies indicate that the information utilized by organizations in the process of making strategic decisions relates to issues that are classified under internal and external organizational factors such as opportunities, threats and risks in the market place and the business environment (Brenner, 2005, Citroen & Hooghoff, 2003, Li et al., 2003, and Oppenheim et al., 2003). Ku & Gil-Garcia (2015), in their exploration of government information management policies and environments, and the conditions and mechanisms which lead to evidence-informed decision making in local government, found that administrative data collected as a result of government organizations' day-to-day operations play a critical role in achieving evidence-informed administration and better decisions at program and policy level. This highlights the importance of drawing empirical data from diverse sources as evidence for decision-making.

In their study "Strategic alliance structures: an organization design perspective", Albers et al. (2016) discussed how partner organizations can achieve differential levels of connectivity and steering for their collaborative ventures. Some of their findings indicate that a broad interface can cause partners to struggle more to impose control over what information is shared and how decisions are made. Moreover, they argue that horizontal and vertical centralization make coherence and consistency in decision making easier, by limiting the number of actors involved in decision making, and by limiting the number of channels within which conflicts can occur.

This brief review of the literature confirms the importance to different kinds of organizations of having adequate and sufficient information to guide the process of making decisions and forming strategies. In Oman, where very few scientific studies have been conducted on this issue, more

research and investigation may help to enhance the quality of organizations' decisions and planning by providing them with methods of acquiring good information for developing good plans and making good decisions. This study therefore hopes to make a useful contribution to the country's management literature by providing researchers and practitioners with valuable knowledge and discussion on the role of information in strategic planning and decision-making.

3. RESEARCH METHODOLOGY

This is an exploratory study that utilized qualitative research method as the most appropriate approach to data collection and analysis for this kind of study. Qualitative research methods examine an event within its own reality, by asking "how?" rather than "what?" questions (Silverman, 2004). A qualitative approach, therefore, considers what participants think about a specific issue in real life (Marvasti, 2004; Yin, 2010).

This study is mainly directed toward exploring how information may affect the process of decision making in Omani public economic institutions, and sought opinions and thoughts from principals and leaders of these institutions, because they were considered to be at the heart of the decision making process. This is congruent with the argument of Maxwell (2005) that the most important factor in determining the participants in a qualitative study is to select people who will give satisfying answers. Thirty participants from eleven organizations were selected for in-depth interviews. Nineteen of the participants are general directors; seven are directors, while the rest (4 participants) are advisors at their organizations.

All interviews started with explanation of the aims and objectives of the research. Ethical considerations were also explained to assure respondents that their participation was entirely voluntary, and all data would remain anonymous. All interviews took place at participants' offices, most of them lasting between 40-45 minutes on average, and all were recorded.

All interviews were analyzed according to the following steps as suggested by Braun & Clarke (2006):

1. Transcribing the verbal interviews into text data.
2. Searching for themes by re-focusing the analysis at this broader level. In this stage two main themes were generated: the process of decision making and the importance of information in decision making

3. Reviewing the themes by refinement and determining whether there is sufficient data to support these themes.
4. Providing a clear definition and name for each theme. In this stage, the researcher told the story of each theme and its relation with the story of the research.
5. Writing up the report, considering the relation between themes and objectives of the study. In this stage the themes were discussed in relation to prior studies.

In order to increase the validity of intervention process, the researchers listed the most public economic institutions in Oman and understood their role in making the strategic plan of Omani economy. Then, a purposive sample was used and in-depth semi-structured interviews were conducted with decision makers such as director generals, experts and directors. They were the most people concerned with different issues related to the research problem. All questions of interviews were open-ended and participants were given plenty time to answer the questions. The first two interviews were analyzed to test the questions and ensure the interconnection between the different themes, the rest of interviews were then conducted.

4. FINDINGS AND DISCUSSION

This part of the research aims to interpret and discuss the results according to facts and theories of related literature, and through comparison with results of many relative studies.

The Process of Decision-Making

Results of the study indicate that Omani government economic organizations usually engage in two types of decision-making: first, technical routine decisions that are made on a regular basis; and second, strategic decisions directed toward achieving the future aspirations of the organization. The first kind of decisions do not require any in-depth analysis and are usually taken within a short time by one or two people from different administrative levels within the organization. This is consistent with the assertion by Smith (1999) that routine decisions are taken in an expeditious manner, as the alternatives are very limited and the best option can easily be chosen. A general director interviewed for the present study argued that the experience of the decision maker determines the speed of the process; if he has extensive experience, he may consider many decisions are routine, while a person with short or limited experience takes more time to weigh up the

alternatives and select the best one. The literature also shows differentiation in the terminology used for this kind of decision. Beresford & Sloper (2008) called them programmed decisions which, in their opinion, deal with solving routine and almost daily and repeated problems, whilst Luce (2005) referred to them as mechanical decisions for the reason that there is no need to look for alternatives or trade-offs between them.

The second type of decisions identified by participants of this study are strategic decisions that are aimed at improving the competitive situation of the organization. These decisions usually involve selecting from various alternatives, a process that consequently requires various methods of in-depth data analysis (Kluyver & Pearce, 2003).

In the process of taking decisions at their organizations, the participants indicated that they adopt different methods for analyzing information, depending on their level of seniority, and the types of decision required. Considering this finding in relation to the literature, some studies have identified similar issues. Hendel, Fish & Galon (2005) as well as Connor & Becker (2003) indicated that the most important variables in terms of decision-making are the type of management, characteristics of managers, and leadership styles.

Milkman, Chugh & Bazerman (2008) argue that the leadership method used in making decisions is influenced by the type of issue under analysis, as well as the quality of social relations within the organization. When social relations are good, communication between employees is stronger, which in turn increases participation in decision making. This argument is supported by Sharif (2003) who indicated that organizational factors such as manpower, administrative position, communication, authorization, and administrative decentralization greatly affect the decision making mechanism.

A general director stated that in order to avoid centralization of decision making, he uses intensive brainstorming sessions to involve a large number of employees from various management levels within the organization in the process of selecting the most suitable option from the available alternatives. In his opinion, this process enables different ideas and opinions to be aired, and the decision taken will therefore be based on in-depth analysis of alternatives that the employees themselves have raised, which in turn increases the commitment to that decision. In this regard, Moran (2013) pointed out that difference creates diversity, which in turn

creates power and enriches thinking, and this consequently increases the capability of the organization to make good decisions that are based on various points of view.

Moreover, the involvement of senior management staff at various functional levels of the decision making process creates a good organizational and cultural environment within the organization, and increases the level of communication and professional discussions, which positively contributes to the development of the organization. Furthermore, this involvement provides the organization with a second line of decision makers who will be ready to take the place of top decision makers or management members when they move on to other jobs.

Alderson (2009), in his study "Exploring the complexities of family business decision making: How the second generation makes decisions", found that centralization of decision-making is the main reason for failure of these companies. Seventy five percent of the study sample indicated that decisions at their companies are made by one or two people from the first generation, which prevents the second generation from taking on this responsibility when necessary, which may in turn lead to the failure of the company.

Meanwhile, Darcy (2010) found that 66% of his respondents attributed the poor organizational culture within their organizations to the concentration of decision making within a group of top management individuals, which reduces communication between staff and management and creates gaps between various levels of employees within the organization. In this regard, Goyder (2010), executive director of Tomorrow's Company, confirms that one of the main factors of companies' success is involving employees in analysis of alternatives in decision making.

Furthermore, according to Marcy, Gentry & McKinnon (2008) and Parnell & Crandall (2003), the most successful decisions, and those that will result in effective strategies, derive from decision makers having the willingness to involve employees in the making of decisions. Participants in this study also confirmed the importance of involving staff in selecting the best option among the available alternatives. Three participants said that they involve members of the community in discussion of decisions that relate specifically to that community, and they consider their comments.

This is consistent with the new trend in community development promoted by the World Bank, which indicated that big gaps between

planners and beneficiaries in societies are created when local people are excluded from committees and the process of planning for their societies, and therefore it recommended involving people in making decisions that relate to their communities (World Bank, 2008).

One of the most important results emerging from the present study is that despite the absence of systematic decision making strategy in Omani organizations, many respondents indicated that they adhere to the following six steps of decision making strategy: identify the problem, analyze the problem and search for information, identify alternatives in terms of resolving the problem, select the best alternatives, implement the decision, follow up and evaluate the decision's implementation. These steps are confirmed by the literature, which discusses them from varying aspects. Shams al-Din (2005) argues that while different authors may agree on the stages of the decision making process, on the practical side their views differ according to the nature of the problem under discussion. This means that success in decision-making depends on the decision-making strategies used by the manager (Yates, 2003).

Moreover, Burnett (2002) pointed to the importance of decision-making strategies in reducing mistakes. He indicated that the complexity of new organizational structures may lead to mistakes in taking decisions, and following clear strategies will reduce the prevalence of these mistakes.

Some of the literature highlighted the importance of having decision strategies in place to avoid crises, as the wrong decision may lead to more problems. Most organizations, even in the most developed countries, do not have a department for crisis management, and this responsibility therefore falls to top management members of the organization (Spillan, 2003). The organization can only survive and prosper when good decisions are taken to deal with crises that it may face (Sayegh, Anthony & Perrewe, 2004).

The Importance of Information in Decision-Making

Findings of the present study indicate that 95% of respondents consider that information and data are essential pillars of the decision making process. Insufficient information may lead to insufficient decisions that in turn may prevent the organization from achieving its objectives.

The literature also shows consistency with this point of view. Sharif (2003) and Allen (2011) both

argue that information is an essential factor in making decisions, and therefore decision makers must have access to and rely on information and data that will enable them to make suitable decisions on forming and executing strategies. AlAwqati (2012) argues that the more information available, the more opportunity there is to make right and sophisticated decisions, while lack of information forces the decision-maker to rely on his personal experience which may be subject to emotional bias. In this regard, Boauazza (2003) revealed that 54.6% of decision makers' in Gulf industrial organizations make all their routine and strategic decisions according to available information.

In the present study, differentiation between information and data was one of the issues raised by participants. Eleven of the respondents regarded information as output of analyzed data that could be used in the process of making decisions. Many studies have discussed this issue. Ali (2012) argues that information is different from data because the former represents facts and indicators that emerge from processing of the latter. In this meaning information could be reflected in facts and processed data that are needed for making decisions. Tashkandi (2007) believes that information is the formulation of data in a meaningful way to work as signals and messages that motivate decision-makers to deal with a certain situation.

Developed countries have paid much attention to information as a source of power and domination, and have made huge investments in the knowledge economy that has consequently become human capital in the development of the economy and the progress of society (Powell & Snelman, 2004).

A general director highlighted the use of information in decision making by commenting that information should be collected from all units of the organization and processed according to its objectives. For example, all economic, social, and legislative information should be processed in a holistic manner to ensure that the decision taken is correct, clear, and does not interdict another similar decision.

5. CONCLUSION, LIMITATION, SUGGESTION, AND IMPLICATION

This study aimed to identify the role of information in the process of strategic planning and decision making in Omani governmental economic organizations. To achieve this goal, qualitative

research method was selected as the most appropriate approach for data collection and analysis.

Results of the study indicate that Omani government economic organizations usually take two types of decisions: technical routine decisions that are regularly made by managers and other decision makers and strategic decisions directed toward achieving the future aspirations of the organization. These decisions are found to be affected by many factors including: type of decision, level of management, and time of making the decision. To take account of these factors, all participants agreed that there should be a clear strategy for making and evaluating decisions, starting from gathering and analyzing relevant data and following through to implementation of the final decision. They were convinced that quality of information has a major impact on the decision made. High quality relevant information leads to right and consistent decisions. However, this study and the conclusion can be applicably for the object where this study was conducted, that is, in Oman for the Omani government economic organizations.

Moving forward from this research, the authors recommend the following topics for further studies: first, studies should be conducted to measure and evaluate the decision making process in non-economic organizations in Oman, especially those involved in the education and health sectors. Second, a theoretical study on methods and models of making decisions could be informative for leadership practitioners and researchers; and finally, future studies in this field could usefully explore the flow of information through decision-making channels.

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