

IMPACT OF DATA ANALYTICS IN TRANSFORMING THE DECISION-MAKING PROCESS

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Abstract

Although business analytics is becoming more and more used to provide data-driven insights to support decision making, there is little research on how business analytics may be used at an organizational level to enhance decision making effectiveness. This paper develops a study model linking company analytics to organizational decision-making effectiveness, using the info processing view as well as contingency theory. Based on 740 responses from UK business organizations, the research model is examined using structural situation modelling. Key findings show that business analytics can be done through key findings. Mediating a data driven environment positively affects information processing abilities, which have a good impact on decision-making effectiveness in turn. The findings also show that the pathways from company analytics to decision making are obvious. There are no statistical differences between large and small businesses, but several differences between the manufacturing and professional services industries. Our findings add to the literature on business analytics by offering helpful insights into company analytics applications and the facilitation of data driven decision making. They also improve the knowledge and understanding of managers by showing how business analytics needs to be applied to improve decision making effectiveness.

Keywords

Data analytics, transformation, decision making, business management

JEL Classification

J21, J23

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Introduction

Much focus is now getting paid out in the academic along with practitioner literatures to the worth that organizations might produce through the usage of big business and data analytics. For example, Chen et al propose that related technologies and business analytics are able to assist businesses to better comprehend the business of its as well as markets' and leverage possibilities provided by plentiful details as well as domain-specific analytics'. Likewise, LaValle et al report that top performing organizations' make choices based on rigorous evaluation at much more than double the speed of reduced performing organizations' which in these kinds of organizations analytic awareness has been employed to guide both coming tactics as well as daily operations' [6].

We argue here that while there's a little evidence that investments in company analytics are able to make value, the thesis that company analytics causes value' requirements much deeper analysis. Particularly, we argue here the roles of organizational decision making processes, which includes resource allocation processes as well as resource orchestration processes, have to be much better understood to be able to know how organizations are able to create value from the usage of business analytics. Specifically, we suggest the first-order consequences of company analytics will probably be on that improvements and decision-making processes in organizational functionality will probably be an end result of outstanding decision making tasks enabled by business analytics [12].

This particular paper is placed out as follows. Below, we recognize prior research traditions in the knowledge Systems literature which talk about the possibility of analytics and data to create value. This's in order to put into perspective today's joy around analytics' and big data', and to place those topics inside previous investigation traditions [18]. We next draw on a selection of existing literatures to create a research agenda to recognize the connection between business analytics, organizational performance and decision-making processes. Lastly, we talk about the way the 3 documents in this Special Issue improve the research agenda [24].

Prior research traditions on big data as well as analytics Recent years have noticed a significant fascination with the possibility of big data' and analytics' in order to change the competitive landscape and to enhance organizational overall performance. For example, Harris and Davenport and Davenport et al explain lots of examples of effective use of analytics and data and provide a selection of managerial techniques for effectively exploiting the potential of theirs. Likewise, Wixom et al explain the prosperous utilization of analytics and data by a fashion retailer, along with Anderson Lehman et al explain a comparable expertise in an airline company [5].

Literature Review

'Big data' and analytics' are latest buzz words in both management and it is literatures. Nevertheless, the ideas presented within these labels have an extended history [15]. A number of scholars given related opinions when data-mining technologies and data warehousing were starting to mature. For example, Watson et al described the operational and strategic benefits of combining organizational information from several internal as well as outside data options to a data warehouse, in addition to the factors impacting the achievements of information warehouses [3]. To go further to the mid 1990s, Fayyad et al described a procedure for removing helpful information out of huge volumes of information applying data mining methods; Sasisekharan et al described an application of data mining methods to enhance the functionality of telecommunication networks; and Simoudis mentioned the concept, limits and applications of data mining [10].

The idea that analytical tools and data could be utilized to identify as well as boost performance pre dates including the talks of information warehousing as well as data mining in the literature. For example, Zuboff coined the word informate for describing that here specific ability of IT. Zuboff argued

that as it automates procedures, it 'simultaneously creates info regarding the underlying processes whereby a company achieves its work'. [7] Additionally, Zuboff argued that this brand new info could be utilized to 'create a unique as well as likely even more penetrating, extensive, and informative comprehension of the company [9]. This particular, in turn, could function as the catalyst for significant improvement as well as originality for the generation as well as distribution of services and goods, therefore strengthening the competitive placement of the firm' [20]. Drawing on Zuboff's work, Kettinger and Kohli explain the way a clinic managed to boost performance design on the information abilities of IT. In exactly the same vein, Sharma et al argue the usage of Total Quality Management methods by Japanese car manufacturers is additionally an example of using company analytics by business [14].

An also earlier tradition in IS actually research which covers the usage of analytical models and data to improve efficiency is the study on Decision Support Systems as well as Executive Support Systems. A good historical past of this particular tradition, dating to the 1960s is supplied by Dan Power on the DSS Resources webpage. A recent compendium additionally offers a detailed introduction to that tradition [21].

Inside the story of contemporary control scholarship, Simon's seminal succeeds laid the theoretical foundations for looking at the effect of decision support technologies on managerial decision making, on organizational decision making tasks, and on the connection between organizational performance and decision-making processes [25]. Simon's idea of organized vs unstructured choices is thoroughly researched in the context of managerial decision making [27]. Likewise, Simon's intelligence-design-choice model continues to be thoroughly used to recognize the identical concerns which have again become relevant in the present trend of technological advancement in decision support technologies, business analytics [4].

Lastly, to place the problem of analytics and data to an a lot more time historical perspective, the early exercise of doing censuses by States, and that is latest perhaps nowadays, is underpinned by the opinions which information is invaluable which evaluation of information are able to offer insights which may be utilized to inform choices as well as policy initiatives [8].

Research method

Despite much tradition of investigation in this specific region, we argue here that much more attention must be given on the roles of behavioural, strategic and organizational problems in realizing the effect of company analytics on organizational performance and organizations [2]. Particularly, not a lot of focus is given to just how decision making and resource allocation procedures could possibly have to change to be able to record worth out of the usage of company analytics. The main focus has mostly been on how managers are able to make greater choices once they've better data as well as analytic resources for decision making. Similar assumptions might be noticed during the creation of Knowledge Management Systems to organizations, where it started to be apparent from subsequent research which accompanying modifications in processes as well as structure were important to obtain benefits from this kind of methods [16].

Drawing on such previous investigation, we argue here that organizational decision making and resource allocation procedures will have to change whether businesses are obtaining general performance profits from the investments of theirs in internet business analytics. Below we propose 3 research questions that advance the above mentioned research agenda:

- How does the usage of company analytics influence organizational decision making processes?
- How is the usage of company analytics influenced by organizational decision making processes?

- What will be the joint consequences of the usage of company analytics and organizational decision making tasks on organizational performance?

In the next areas, we elaborate on the above mentioned research agenda within 3 phases of utilizing company analytics to get performance gains: the information to insight phase, the awareness on the determination stage as well as the determination on the benefit phase.

Data to insight

Current technologies make accessible to analysts as well as supervisors a great quantity of structured and unstructured details from a range of solutions. Additionally, analysts as well as supervisors nowadays have offered to them an effective range of data analysis, data mining-information visualisation equipment. Nevertheless, in spite of the hopes of many, insights don't come out instantly from mechanically implementing analytical resources to information. Instead, insights emerge from an active practice of engagement between analysts as well as business managers with the information as well as analytic resources to uncover new awareness. More to the point, those engagements occur within existing processes and structures for decision making. An even better understanding of the insight model system is vital for understanding the way the usage of company analytics leads to enhanced performance.

Anecdotal evidence in the scholarly plus practitioner literatures details a selection of cases of the usage of company analytics to produce insights which are changed to value through the following naturally competitive actions. For example, Kohli details a selection of insights that supervisors at United Parcel Service obtained by analysis of information in their extremely incorporated information factory. Those include price as well as profitability estimates of specific delivery routes, plausible explanations for an expanding backlog of estimates and packages of the quantity of gas which may be saved by minimising the amount of left turns on the delivery of their routes. Likewise, Anderson Lehman et al explain insights to pricing, scheduling as well as customer loyalty which Continental Airlines acquired by use of its information warehouse; and Watson details a selection of insights that Harrah's obtained into the gambling conduct of the casino customers of its.

The procedure for generating insights from data typically involves multiple actors from various regions of the business. The structure and composition of those teams is usually an end result of managerial decisions which are taken within existing decision making routines. Importantly, those routines could both enable as well as constrain the capability of those teams to produce insights. The consequences of existing structures and team composition on choices as well as decision making are subtle but potent.

This's a crucial area of research as enhancing the usefulness of the insight generation procedure could considerably enhance the importance of company analytics for organizations. Specifically, we propose that scientists concentrate on the following question:

- How do present organizational structures, decision-making processes and routines influence the potential of analysts and managers to produce insights from information?

The above mentioned examples illustrate the intricate relationships between data, human sense and analytical tools making [1]. Lycett argues that company analytics enables managers and analysts to participate in an IT driven sense making process in which they make use of the data as well as analysis as a way to recognize the phenomena which the data represent. Lycett describes this approach as 'datafication'. Lycett even further argues that regardless of the data driven dynamics of analyticsbased sense making, pre existing frames of reference carried by analysts as well as administrators have a crucial influence on what information components are selected for describing the phenomena and what patterns as well as human relationships linking the information elements are inferred from the

information. All those insights are then used by analysts and managers to incorporate a narrative making good sense of the planet and after that to create action repertoires which make those interpretations explicit. Importantly, those frames of reference are lodged in the cognitions of managers and analysts and work in a sub-conscious fashion.

Lycett argues that although company analytics tools allow it to be simple to spot statistical patterns, relationships and trends, the crucial following step of knowing the reasons behind the patterns remains crucial to be able to undertake measures which produce worth. Arguably, machine learning algorithms are able to detect patterns as well as improve the own performance of theirs over time. This kind of machine learning algorithms are today getting utilized to have actions and decisions, as in Netflix's recommender structure discussed by Lycett. Some other types of that deployment of machine learning are also discussed in the literature, like in detecting charge card fraud as well as automatic trading of stocks. Nevertheless, man insights continue to be needed in 'accepting' the insights produced through machine learning as becoming useful and valid, in 'deciding' to deploy them to jog businesses in an unguided fashion, and in 'accepting' the refinements on the algorithms produced via machine learning as being legitimate. Lycett's analysis suggests a crucial question for potential research:

- How should man sense making and machine learning work in concert to boost the development of insights from the usage of company analytics?

A parallel stream of studies have focused on how to create the insight model method more potent. For example, Davenport, Harris and Davenport and Davenport et al recommend the company analytics competency centre like a structural unit which could make the business analytics enabled insight generation process more potent. They conceive of the proficiency centre as being a centralised device housing knowledge in business analytics and delivering a service to business units. The competency centre is provided as a solution to conquer the lack of qualified analytical personnel. Anecdotal evidence and the own research of ours indicates such main devices don't connect well to business units and which they find it difficult to transform the insights of theirs into worth through naturally competitive methods by business units. More to the point, it's not clear just how such a structural innovation is able to target the limitations to insight development discussed. Nevertheless, Davenport et al's talk draws attention to the demand for more exploration on a crucial investigation question:

- How do the buildings as well as procedures of decision making influence the capability of insight development teams to produce insights coming from the usage of company analytics?

Insight to determination

Just like it's crucial to generate significant insights, it's as essential to transform insights into choices which can produce value. Insights, which relate to intuitive and deep knowledge of phenomena, have to be leveraged by managers and analysts into operational and strategic decisions to generate worth. Below, we talk about choices as the conclusion of deliberation and the dedication of specific and complementary assets to some chosen course of action. There's practically an axiomatic perception within a lot of the company analytics literature that effective insights result in better decisions, and that 'big data' leads to 'big impact'

. Including Swami and Gangadharan claim which the usage of company intelligence provides for a clear understanding of company issues as well as opportunities via analysing today's functions which can lead firms to uncover new revenue sources or even elicit cost savings.

We argue here that while insights function as a crucial feedback to decision making tasks, specific choices taken are influenced by a multitude of additional factors. Complicated organizational decision making procedures are usually involved in producing choices, evaluating them as well as committing to a specific choice. Notwithstanding the problems associated with determining what a 'good' choice is,

positive insights needn't always lead to bad decision and good decisions are outcomes that are possible also. This highlights a crucial question for potential research:

- How do organizational decision making processes influence the transformation of business analytics based insights into great decisions?

The roles of psychological and contextual aspects on the quality of decision making were thoroughly examined in previous study traditions. Particularly, Simon's first works on subsequent research and decision-making processes into the behavioural principle of the firm, the psychology of decision making, as well as the appearance of biases and heuristics on choices have significantly advanced the understanding of ours of those problems. A crucial finding from all those traditions of study is the fact that organizational decision making procedures are usually characterised by satisficing behaviours, that are prone to lead to choices which might be suboptimal. Particularly, limited time, complex circumstances and poor psychological computational power have been discovered to influence the quality of choices.

We argue here that additional investigation is necessary to determine the procedure as well as conditions under which insights result in better quality choices. The above mentioned stream of research raises a selection of questions that are important for future research:

- Can businesses utilize company analytics to compensate for all the limits of managerial as well as organizational decision making tasks which have the roots of theirs in satisficing structures, cognitive limitations, and behavior of social capital and, if so, just how?

Decision to value

While very much discussion has centered on the capability of company analytics to generate far better decisions and insights, the emphasis on the possibility of business analytics to gain great have been limited. The implicit assumption underpinning that discourse seems to be that if the quality of choices are able to be considerably improved from the usage of company analytics, then the issue of exactly how businesses can make value from all those choices is a simple one. Extending that discourse, we highlight here 2 uncertainties regarding transforming choices to appreciate - the anxiety of effectively accomplishing choices as well as the anxiety connected to the achievements of strategic actions. We likewise discuss the possible role of company analytics as well as resource allocation tasks in mitigating those concerns.

While high quality choices might be an excellent starting place, it's by no means certain that those choices is going to be properly applied. Certainly, prior investigation argues for no less than 2 key elements characterising 'good' choices. One criteria describes the 'quality' of the choice, that's, if the decision is effective at obtaining the objectives of its; the different describes the 'acceptance' of the decision, that's, the acceptance of its by subordinates along with other stakeholders accountable for the profitable implementation of the choice. Exploration into the acceptability of choices indicates that decision making procedures have a crucial bearing on the acceptability of choices. Specifically, Yetton and Vroom claim the amount of influence as well as participation which subordinates and key stakeholders have on a choice has a crucial bearing on the acceptance of its and, presumably, the successful implementation of its.

Arguably, the usage of company analytics are able to make it possible to enhance the quality of choices. Nevertheless, it's not clear if company analytics can be utilized to enhance the acceptance of choices in any way. The anecdotal research of ours indicates that decision-making processes and insight-generation connected with the usage of company analytics oftentimes don't involve key stakeholders from practical places who'll be accountable for implementing those choices. Even though crossfunctional teams are usually used working with company analytics, main stakeholders who own'

the materials necessary to use choices are usually not a component of those teams. If what we've found is an organized pattern, it'd probably appear in cross sectional investigation like a damaging correlation between the usage of company analytics in decision making as well as the profitable implementation of those choices.

The above mentioned discussion raises questions that are important for future research. These questions have crucial implications for the capabilities of firms to record worth from the usage of business analytics:

- How do decision making procedures influence the successful implementation of choices arising from the usage of company analytics?
- How could business analytics be utilized to enhance the acceptance of choices?

Additionally, current exploration in to the powerful features framework implies that an organisation's search and choose capability and the asset orchestration capability of its have a crucial bearing on the performance of its. While it's apparent that company analytics are able to boost an organisation's search and select capability, it's not clear exactly how it may impact the asset orchestration capability of its. Organisational assets as well as resources are generally governed under informal or formal structures and organizational actions. Businesses typically tackle strategic steps in the hope of effective results. Nevertheless, actual outcomes usually depart significantly from uncertainty and expectations of outcomes is usually factored into the decision making process. A lot of this anxiety is outside of the command of the actors and the administrators will generally have to bargain throughout organizational boundaries to get into assets they have to use the strategies of theirs. There'll always be heterogeneity in those features within as well as between organizations and involving contexts and decisions. Managers face uncertainty about the accessibility of resources to use strategies, testifying to the key role of asset orchestration ability in applying strategic actions. Even though investigation into the factors affecting asset orchestration abilities is emerging, an essential issue for future research is:

- How could business analytics be utilized to enhance an organization's asset orchestration capability?

The primary key part of asset orchestration abilities implies that governance structures could possibly have to develop as businesses move towards a higher reliance on the usage of company analytics to help strategic decision making. Generally, the implementation of techniques is a business unit or maybe a functional responsibility. Nevertheless, company analytics supported techniques will probably place increasing reliance on the usage of it resources and assets while throughout the implementation phases. The functions of the CIO, the IT performance and the heads of business as well as purposeful devices will have to develop to support the blurring of institutionalized functions as well as structures. Businesses might have to concentrate a lot more on info governance instead of the traditional concentrate on the governance serotonin artifacts. Vital questions for future research include:

- How do governance structures develop as an outcome of improving penetration of company analytics?
- What governance structures are definitely more successful in capturing worth from business analytics supported strategic decision making?

A next supply of anxiety in transforming choices to value arises from outcome uncertainty. This describes the uncertainty surrounding the results as an outcome of

business. It's not clear if decisions backed by business analytics will be influenced in any unique way by outcome uncertainty. Notwithstanding the consequences of the usage of company analytics on the

quality as well as acceptance of choices, that could have an unbiased impact of decreasing outcome uncertainty, an essential issue for future research is:

- How could business analytics be utilized to decrease the outcome uncertainty related to strategic decisions?

Conclusion

The above-mentioned discussion, we've argued the path from the usage of company analytics to organizational efficiency is complicated. Particularly, the mediating roles of choices in addition to naturally competitive actions, and the moderating roles of organizational decision making tasks, resource allocation processes, governance processes, search and select features, and asset orchestration abilities have being examined in additional studies. Crucial aspects of the arguments of ours are summarized. The above mentioned conversation has crucial implications for administrators interested in utilizing company analytics to enhance performance. The prospective value which may be produced and taken from the usage of company analytics is among the primary key reasons for the reason why businesses produce substantial investments in those technologies. Identical motivations have underpinned prior investments in technologies like Executive Information Systems, Customer Relationship Management Systems and Business Intelligence Systems which may be looked at as precursors of internet business analytics. Scientists investigating the worth and returns taken by organizations from all those earlier investments have identified a selection of benefits arising out of the usage of those technologies.

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