

## Chapter 12

# Decision Making in Rural Tourism Management: The Case of Algarve

**Ana Pego**

*Universidade Nova de Lisboa, Portugal*

**Maria do Rosário Matos Bernardo**

*Universidade Aberta, Portugal & Universidade de Lisboa, Portugal*

### ABSTRACT

*Decision making is an important role performed by managers. This chapter will analyze the importance of information systems (IS) on the decision-making process at rural organizations in Portugal's Algarve region. Managers' perceptions were analyzed and compared with the decision-making process model proposed in this chapter, which was based on the models of Simon (1977) and Mintzberg, Raisinghani, and Theorêt (1976). This chapter will discuss the capacity of rural tourism organizations to solve problems, as well as review the time needed to solve problems through the use of IS. This chapter will conclude that IS in the organizational decision-making process is positively related to the identification of the decision-making problem and time needed to solve the problems. This investigation will allow other sectors the opportunity to discuss decision process models based on technology, information capability, and organizational competitiveness.*

### INTRODUCTION

Tourism plays an important role in the development of many rural societies. Local entrepreneurship and tourist appeal give rural tourism the potential to promote the growth and diversification of rural and traditional economies (Capucha, 1996; Eusébio, 2006). Technological developments in IS and the use of the Internet have led rural organizations to take advantage of digital information. These organizations apply technology to the dissemination and promotion of a rural product, which makes it sustainable and competitive in comparison to other forms of tourism. An increased importance of rural tourism in Portugal's Algarve region, as well as the technological evolution of organizations, justifies the study of

DOI: 10.4018/978-1-5225-3525-6.ch012

the impact of IS and technologies on this sector. This is especially true in the decision-making process and managements' satisfaction with IS within their organizations.

Several authors found advantages to IS in the promotion of organizational performance, competitive advantage, and the decision-making process (Amaral, 2005; Bernardo, 2006; López, 2013; Pereira, 2005). This chapter will present investigative results related to the impact of IS in the decision-making process at rural organizations in Algarve. The research studied IS within organizations, as well as the perceptions and satisfaction of management. A questionnaire included questions on: (1) the availability of information technology (IT) to clients; (2) the organization's IT related to the Internet; (3) the use of IS typology; and (4) perceptions of the impact of IS on organizational management, especially in the decision-making process. The results were compared to the decision-making process model. The decision-making model adopted in this research was proposed by Bernardo (2006), which is based on two decision-making models proposed by Simon (1977) and Mintzberg et al. (1976).

This chapter is organized into five sections. Section one introduces the research and main objectives. The second section discusses relevant concepts to this study, including the decision-making process, IS, and rural tourism in Algarve. The third section exposes the adopted methodology to achieve the research objectives. The results will be synthesized and discussed. The fourth and fifth sections present future research directions and the conclusion.

## **BACKGROUND**

The objective of this study is to analyze the influence of IS and communication technology on the decision-making process in rural tourism organizations. This section will characterize the decision-making process adopted in the study. IS and technologies applied in rural tourism organizations to support the decision-making process will be presented in an overview on rural tourism in Algarve.

## **THE DECISION-MAKING PROCESS**

Managers play an important role in the decision-making process as they solve problems by selecting the best alternatives from a set of solutions. Decision making is often associated with the moment of choice of an alternative among several alternatives available. It is part of a process made up of several interconnected and interdependent steps implying the realization of a set of activities (Harrison, 1995; Mintzberg et al., 1976; Simon 1977).

This study adopts a combination of two models of decision making:

1. **Simon's Model (Simon, 1977):** The three phases of this model are: (1) intelligence; (2) design; and (3) choice.
  - a. **Intelligence Phase:** Intelligence is the observation of an organization's surrounding environment. It identifies situations that require decision making.
  - b. **Design Phase:** In seeking to understand and structure the decision problem, this phase identifies, develops, and analyzes courses of action or alternative solutions.
  - c. **Choice Phase:** This phase involves choosing the most appropriate course of action from various alternatives generated in the previous phase.

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