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The quality of decision making process related to organizations' effectiveness

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Abstract

Managers are usually making plenty of decisions, some of them being operational and others strategic. Making decisions is a matter of a huge responsibility not only against the organization itself, but against their employees and other stakeholders, as well. The research aimed to investigate the Romanian managers and employees' opinions about the quality the decisions are making in different domains in correlation with the organizations' objectives and to draft a conceptual model, selecting the main drivers that contribute to the approach of the managers to focus their decisions towards the organizations' effectiveness. A multi-regional survey has been conducted in February 2013 in order to record how managers are acting in different socio-economical fields (production, transportation, constructions, commerce and services) are making decisions, what types of decisions are they using in practice and when are they making the decisions. The data collection process used a Likert questionnaire type with three questions. The answers provided by the managers and employees have been interpreted statistically and some results have been used for a process of the quality decisions making related to the organization's effectiveness conceptual model draft. This draft and the limits of this paper might be the basics for further research.

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Keywords: decision making; quality of decisions; manager; survey; drivers; conceptual model; organization's effectiveness

1. Introduction

Making decisions is a matter of a huge responsibility for the managers not only against the organization itself, but against their employees and other stakeholders, as well.

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About decisions making models the literature offers plenty of references. Some authors explore the practice of quality management framework as a strategic tool for public management (Yu and Lee, 2012). Others describe the quantitative and qualitative methods that can help decision-makers to structure and clarify difficult problems and to explore the implications of pursuing different options (Sanderson and Gruen, 2006). Blenko et al (2011) are focusing on the quality of decision making, emphasizing that 'decisions take longer then they should. They are made by the wrong people or in the wrong part of the organization or with the wrong information, and so turn out badly'. Involving teams in decision making improves the quality of decisions most of the times (Druker, 2009), being efficient for the organization to generate and evaluate different alternatives of problems solving (DuBrin, 2012). Sometimes the democratic decisions are not able to be made because of minority domination or time pressure (Schermerharm et al, 2011).

The quality and speed of decision making is the key determinant of board success or failure (Mc Gregor, 2010). The goals identification, providing alternatives for solving the problems and the weighing and balancing the values and interest are crucial for the quality of decision making (Flueler and Blowers, 2007). This requires the risk analyses to discriminate between alternatives (Dezfuli et al., 2010).

In important challenge for effective decisions is to evaluate to what extend the managers utilise quantitative and qualitative criteria in decision making (Ytanyi et al, 2012). Nevertheless to do these actions the managers need to have three skills, to have the courage to be rational, to prove creativity and to balance judgment (Anderson, 2002).

Sometimes the surveys offer fair information about the decision making and sources for improving this responsibility that all managers have. The practices of companies that have made successful strategic decisions and also reveal what the same companies have gotten wrong are offered by McKinsey survey (Renee Dye et al, 2009).

However the individual performance is influenced by the quality of decision making influence (Nazeri, 2011) with the positive effect on the organization's effectiveness (Avino, 2013).

2. Research aim

The research aimed to investigate the Romanian managers and employees' opinions about the quality the decisions are making in different domains in correlation with the organizations' objectives and to draft a conceptual model using some of core criteria from the questionnaire considered as being drivers to the process of improving the organizations' effectiveness by managers' decisions making.

3. Methods

The methodology applied in this research is a qualitative analyze of managers behavior when making decision, based on a Likert questionnaire type. The variables being qualitative the sample is formed using the convenience sampling (availability and ease of the contacts) (Koerber, McMichael, 2008).

In order to record how managers are making decisions, what types of decisions are they using in practice and when are they making the decisions we conducted a multi-regional research on February 2013. The research has being organized on a questionnaire-survey that was sent to 390 organizations acting in different socio-economical fields (production, transportation, constructions, commerce, services and others) out of which 207 have provided valid answers. The criteria chosen for the answers have been in terms of the description of the managers' behavior and on the support of the managers to clarify their decisions making styles. The questions used in this part of the study are: How? What? and When?

- How the managers are making their decisions? (with twelve closed answers);
- What types of decisions are the managers using in practice? (with seven closed answers);

- When the managers are making decisions? (with five closed answers).

The sample is not representative from the point of view of the quantitative analyze because this research is focused on obtaining a general view on the topics and not to the generalization of the results at the national scale, albeit half of the 42 counties are represented in the sample.

The structure of the sample by the organizations' type is: 30% large companies, 52.2 SMEs and 17.8% public administration institutions. The answers given by questionnaires belong in a balanced proportion as 48% by the managers and 52% by the executives. The representation of the industries in the sample is presented in the table 1.

Table 1. The frequency of the answers by industry

Percent	Industry	Percent	Industry
33.3	Manufacturing	3.3	Agriculture
17.8	Public services	4.4	Forestry; Tourism (2.2 each)
24.4	Merchandise; Transportation (12.2 each)	3.3	Trading; R&D; Banks & Insurance (1.1 each)
8.8	Construction; Energy (4.4 each)	4.7	Others

Manufacturing, public services and transportation are the better represented industries.

The research has not paid attention to the managers' structure by age and gender, which is to be a limitation.

4. Findings and discussions

The main findings expressed in terms of the frequencies, the mean and the standard deviation are presented below. The table 2 illustrates how the managers are making decisions.

Table 2. How managers are making decisions?

How?	Total agreed (%)	Partial agreed (%)	Not agreed (%)	Mean	Std. Deviation
Taking into account the environment factors	72.2	28	0	2.7222	0.45041
Looking for the current problems solving	72.2	26.7	1.1	2.7222	0.45041
Focusing on the implementation and monitoring the problems solving	62.2	34.4	3.3	2.7111	0.47980
Depending on the quality of information	60.0	35.6	4.4	2.5889	0.55878
Referring to the strategic objectives	81.1	17.8	1.1	2.5556	0.58273
Influenced by the organization culture	45.6	45.6	8.9	2.8000	0.42927
Advised by the team members	57.8	37.8	4.4	2.3667	0.64390
By delegation	42.2	45.6	12.2	2.5333	0.58444
Implying the subordinates	64.4	34.4	1.1	2.3000	0.67790
Looking for reinforcing the strengths	68.9	31.1	0	2.6333	0.50725
Based on the ethics principles	73.3	22.2	4.4	2.6889	0.46554
Based on the routine	8.9	42.2	48.9	2.6889	0.55373

As could be seen in the table 2, the managers are totally or partial agreed with the statement that they are making the decisions taking into account the environment factors and they are looking for reinforcing the organization's strengths. The majority of the managers are totally agreed with the statement that they are making the decisions referring to the strategic objectives (over 80%). Most of the managers are looking for the current problems solving (72%), they are focusing on the implementation and monitoring the problem solving (62%) and their decisions are based on the ethics principles (73%). A majority of the managers are making the decisions depending on the quality of information at their disposal (60%).

In what is concerned the delegation of the decisions most of the managers are implying the subordinates in decisions making (64%), they agree to be advised by the team members (58%), but less then half of the managers agree with the delegation of the decisions (42%). A balance between the answers 'total agreed' and 'partial agreed' with the statement that the decisions are influenced by the organization's culture has been recorded (46% and the mean 2.69 out of 3). About the half of the managers is making their decisions ignoring the routine.

The answers at the question 'what types of decisions are managers using in practice?' are presented briefly in the table 3. Most of decisions that the managers are making are programmed decisions (84%) and only a few are recognizing that they are making decisions when necessary (23%). Also, the managers usually are making decisions (77%) on the basis of known options (a mean of 4.5 out of 5), that means that they are choosing from a several alternatives previously designed.

The most of the managers (85%) are making their decisions on the basis of the information at their disposal at the moment of the decisions need to be made even the practice is making evidence of usually incomplete information. The managers are not usually using scientific methods when making decisions (over 50%; the standard deviation has been 1.6), but they are not making decisions based on intuitive perceptions, probably based on their experience and historical events. The answers highlight that the managers usually avoid the risk when making decisions (80%).

Table 3. What types of decisions are managers using in practice?

What?	About none %	A few %	About Half %	A lot %	About all %	Mean	Std. Deviation
Programmed	11.2	4.4	15.6	44.4	24.4	4.6111	1.35493
Not programmed	52.3	13.3	11.1	16.7	6.7	2.8667	1.63666
On the basis of known options	6.6	15.6	21.1	35.6	21.1	4.4667	1.23798
On the basis of incomplete information	74.5	8.9	7.8	6.7	2.2	1.8778	1.42078
Using scientific methods	46.6	12.2	21.1	14.4	5.6	2.8778	1.65460
Intuitive	77.8	8.9	6.7	6.7	0	1.8444	1.23535
In condition of risk	64.4	15.6	8.9	11.1	0	2.1667	1.41620

The table 4 concentrates the general answers at the question 'when are managers making the decisions?' About all the managers are making their decisions when they are indentifying a problem (99%; the mean 2.7 out of 3; the standard deviation 0.55). However, the most of the managers are making the decisions when they were knew the problem (over 90%) and when they have had the reason to solve it (about 90%).

A contradictory answer is that the managers are making their decisions when they have resources to solve the problem, but the reality is proving that many decisions are made when there is not enough or is lack of resources. The most important issue is that the managers are making their decisions when they are meeting the opportunities to improve the organization's effectiveness (over 90%).

Table 4. When are managers making the decisions?

When?	Total agreed %	Partial agreed %	Not agreed %	Mean	Std. Deviation
Identifying the problem	67.8	31.1	1.1	2.6889	0.55373
Knowing the problem	66.7	24.4	8.9	2.6111	0.69822
Having the reason to solve the problem	70.0	18.9	11.1	2.6000	0.69992
Having resources to solve the problem	57.8	31.1	11.1	2.4889	0.73812
Having the opportunities to improve the effectiveness	62.2	30.0	7.8	2.5667	0.68777

Based on the research findings, the quality of the decisions making process could be reached out by taking into account the following drivers (fig.1): environment factors, organizations' strategy, ethics, empowerment, information and feedback, programs, options, risk avoidance, resources and opportunities.

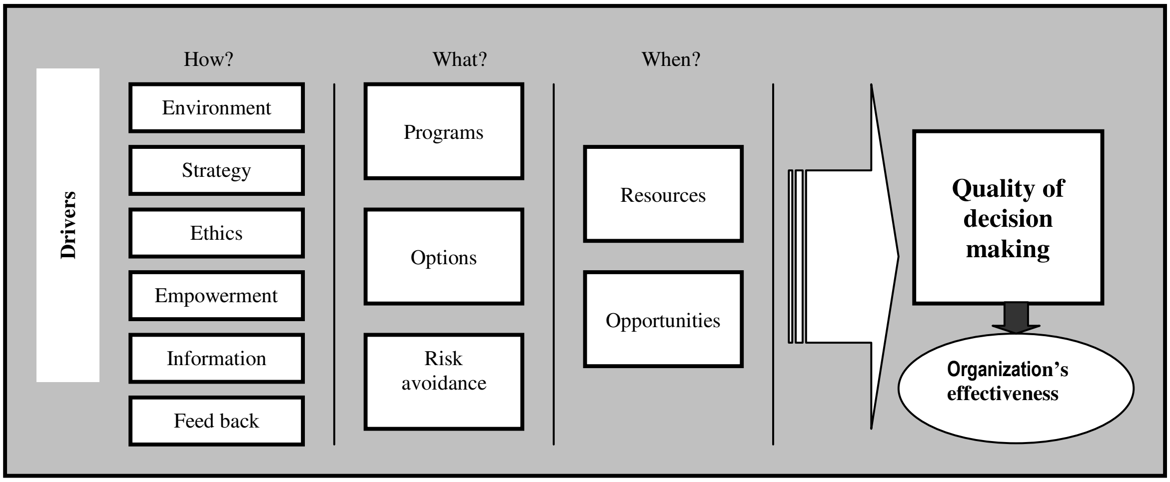

Fig. 1. The process of the quality decisions making for the organization's effectiveness conceptual model

The quality of decisions making is the main source of the organizations' effectiveness and it is, no doubt, the managers' goal to meet the stakeholders' expectations.

5. Conclusions

The results showed that managers take account of organization's strategic objectives when making a decision. They also are keeping applied the ethical issues in business and take attitude against those walking the line. The managers consider that the quality of decisions is influenced by the quantity of information at their disposal, and that the subordinates' implication may lead to increasing of decisions quality and the degree of their implication on decisions implementation. Moreover, they accustom to take the advice of their team members when making decisions. Most of the decisions are programmed and motivated, but some decisions are made due to environment influence. However, the results indicate that the managers are making decisions when they identified any dysfunction between the actual situation and the desired results. Some decisions are intuitive, based on lack of information or financing. Nevertheless the conclusions emphasize that the majority of the interviewed managers are using alternatives with associated probably results when making decisions and even they do not have enough information they select the best alternative based on risk assessment and effective results. About all answers show a positive attitude of the majority of the managers considering the chosen criteria with the "agree" position for the statements, but there is not proof that they are really applying those statements in practice, which could be another limit of this study.

The quality of the decisions making is a process that needs to consider the main drivers highlighted in the conceptual model of the quality of decision making for the organization's effectiveness (fig.1). This draft is the basics for the further research, as well as the limits of this paper to be considered regarding the neglect of the gender and age of the managers.

The analysis is in progress by seeking for the different correlation between the answers and the differences between the answers that have been provided by the managers and by the executives by industry to better emphasizing the quality of decision making contribution to the organization's effectiveness.

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