

An investigation into Decision Making Styles practices and preferences of human resource managers in the Banking Industry in Southwestern Nigeria

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ABSTRACT

The purpose of this study was to examine decision making styles of human resource managers in the banking industry of southwestern Nigeria. More specifically, the objective of the study was to identify and examine decision making styles preferences and practices among human resource managers in the Nigerian banking industry. Primary data used for this study were obtained from Lagos, the commercial capital of Nigeria where most banks have their headquarters and main human resource departments. The study sample consisted of 500 randomly selected human resource managers from human resource section of each of the 23 banks with sample traction of 40% out of 1131. Data on key variables of interest for the study were obtained through the administration of questionnaire on the selected managers. The data collected were analyzed using descriptive and inferential statistics. The findings indicated that there is significant difference in decision making style preferences and practices among human resource managers in Southwestern Nigeria ($F=2.413, P<0.05$) and that individuals do combine decision making styles in making important decisions and do not rely on a single decision style. The study concluded that human resource managers do not prefer and practice a particular decision style rather they have a combination of two or three styles from which they choose depending on decision situations they confront.

Key words: Decision Making Styles: human resource managers

INTRODUCTION

March and Simon (1958) and Cyert and March (1963) visualized the organization as decision making arenas characterized by uncertainty, conflict of interests and political behaviour. These contributions have given rise to hundreds of studies on decision making as the central activity in organizations. The most notable of these studies are Pettigrew's (1973) and Mintzberg, et al, (1976). These studies have given rise to renewed interest in conceptualizing organizations from the decision making perspective. Given the centrality of decision making to organizational performance it is not surprising that there are as many approaches to its study and understanding as there are students of the area (Butler 1992).

Over the years, there has been much debate on how to accurately describe decision making processes in general beyond an implicit agreement that decisions are made through some sort of chaotic processes [Fulup, 2006]. Decision making is about deliberately choosing an option from two or more options in a proactive manner, under conditions of uncertainty, in order to reach a specific goal, objective or outcome with the least amount of risk [Cervone, 2005]. Managers, sometimes, see decision making as their central job because they must constantly choose what to be done, who is to do it, when, where and occasionally even how it will be done [Weinz and Koontz, 1993]. We can say that managers face with situations (opportunities or threats) that have to make decisions in doing all their activities; therefore, decision making is of great importance in all managerial activities and organizational processes. Decision theories have embodied several prevalent concepts and models which exert significant influence over almost all the biological, cognitive and social sciences [Oliveira, 2007].

While a lot of work has been done in other contexts to study decision making styles from both the pragmatic and intellectual points of view (Thunholm, 2004; McGuine, et al, 2006; Sylvie and Hung 2008), it is the case that very few studies have done in the Nigerian context (Shadare, 2011 and Anifowose et. al., 2011). This situation represents a challenge and indicates a clear direction for future research. One obvious question that such research could answer is whether and to what extent decision making styles follow the patterns that have been observed in other contexts. It could also be of interest to know the decision making style preferences of Nigerian managers.

The role played by HR managers is important and their ability to make quality decisions is imperative. Understanding the determinants of decision-making styles of these managers will provide a clearer picture of their capacity for high standard in decision making. Several studies such as Shadare, 2011 and McGuine, et al, 2006 have confirmed that appropriate decision making styles do have significant positive effect on performance of managers in organizations.

LITERATURE REVIEW

Harrison (1975) has noted that in discussing the subject of decision making, it is customary to focus on one or more of three things: (1) the decision making process, (2) the decision maker, or (3) the decision itself. This focus on different aspects of the decision making activity has also led to different definitions of decision making. Shull, Dellberg,

Cummings (1970) define decision making as a conscious and human process involving both individual and social phenomena, based upon factual and value premises, which includes a choice of one behavioural activity from among one or more alternatives with the intention of moving toward some desired state or goal.

This focus on decision making as a process is expanded in Simon (1960) who equates decision making with the entire process of management. Decision making comprises three principal phases: finding occasions for making a decision; finding possible courses of action; and choosing among courses of action. Emory and Niland (1968) focus their attention on the decision itself. The decision maker chooses the preferred option, the most reasonable task, or the best course of action. Harrison (1975) also focuses his attention on the decision as being the crucial moment in decision making. Thus a decision is defined as a moment, in an ongoing process of evaluating alternatives related to a goal, at which the expectations of the decision maker with regard to a particular course of action impel him to make a selection or commitment toward which he will direct his intellect and energies for the purpose of attaining his objective. Butler (1992) defines a decision as the selection of a proposed course of action.

These definitions highlight the following as the key aspects of decisions and decision making: Decisions involve making a choice amongst alternative courses of action. Decision making implies uncertainty about which alternative course of action will be taken. This uncertainty will apply to both the means and ends of action. Uncertainty thus occupies a central place in decision making. Decisions are about intentions to act. They are futuristic and may therefore never be implemented. This future orientation adds to the problem of uncertainty in decision making. Decisions are made through a process which may be simple and straight forward or complicated and ambiguous. The process is characterized by a number of distinct stages. The decision itself is made at one of the stages of decision making. There is therefore a need to separate the decision from the decision making process. In organizations, decision making involves more than one person. Usually, a large number of people will be involved, especially if the decision is important.

Decision-making style is the learned or habitual response mode through which an individual approaches and makes a decision and it has most frequently been conceptualized by combining an information-gathering and information-evaluation dimension. While certain researchers concentrate on qualitative differences in how individuals make sense of the information they gather and process (Harren, 1979; Hunt, Krzystofiak, Meindl, & Yousry, 1989), are more concerned with the amount of information gathered and the number of alternatives considered in the decision process (Driver, 1979). Decision-making style has previously been shown to be related to cognitive style (Behling, Gifford, & Tolliver, 1980) demonstrated that systematic information gatherers are more likely to be thinking information evaluators, while intuitive information gatherers are more likely to be feeling information evaluators. Thus, the majority of individuals would be classified as consistently analytic or consistently intuitive in both information gathering and information evaluation.

Harren (1979) proposed a classification scheme of decision-making style that includes two sharply contrasting categories pertaining to both information gathering and information evaluation: rational and intuitive. However, Harren also added a third dimension to the conceptualization of decision making by proposing that individuals vary according to the degree of personal responsibility they assume for decision making. Those exhibiting a dependent decision-making style are posited to deny responsibility for decisions and project that responsibility outward onto others. The dependent's information gathering and information evaluation is assumed to be handicapped by his or her relative passivity and need to comply with the authority of others. Subsequent empirical work (Harren & Biscardi, 1980) revealed that dependent decision-making style was not related to the rational and intuitive styles. Based on Tatum *et al* there is no universally accepted classification of decision making style. Hunt *et al* in 1989 considered decision making style as closely related to the term cognitive style. Cognitive style in decision making often refers to individual "thinking practices" central to the understanding of decision processes [Thunihohm,2004]. Scott and Bruce in 1995 described decision making styles as the learned, habitual response pattern exhibited by an individual when confronted with a decision situation. With more attention to individual differences in decision making style Scott and Bruce (1995) considered five decision making styles as the General Decision Making Style (G.D.M.S) that we measured these five styles among the managers in this study.

Rational Decision Making Style: It means that individuals engaging in rational decision making anticipate the need to make a decision and prepare for it by seeking relevant information about themselves and their environment. Such individual's primary approach to information gathering and processing is systematic and oriented toward both internal and external sources [Thunihohm,2004]. In rational decision making style, decision makers analyze a number of possible alternatives from different scenarios before making a choice. These scenarios are weighted by probabilities and decision makers can determine the expected scenarios for each alternative. The final choice would be the one presenting the best - expected scenario and with highest probability of outcome [Oliveira,2007].

Intuitive Decision Making Style: Since the 1950s it has been known that organization of maternal in the brain provides neural respecters and prefers pathways for starting new information [Patton,2003]. The role of intuition in decision making can be conceptualized as a two step process in which (implicit) knowledge is first marked with a positive or negative valence depending on the outcome of previous decisions and then is used to shape further (explicit) decision making by means of the somatic maker (the emotional valence) associated with the knowledge [Bierman,2005]. Patton

[2003] identified three sources of intuition that decision makers use when they are trying to cope with uncertain and unpredictable decision making situations due to rapid and complex changes in environment:

Innate response: The instinct that bring subconscious but usually still appropriate reactions to situations. It is not learned but inborn.

General experience: The learning that occurs in the normal process of aging and of accumulating experience.

Focused learning: The learning that stems from deliberate effects to develop habits and achieve intuitive reactions.

Dependent Decision Making: It refers to reliance upon the direction and support of others. Decision makers in this style always search for advice and guidance from others before making important decisions [Thunihohm,2004].

Spontaneous Decision Making: It means impulsive and prone to making "snap" or "spur" of the moment. This style characterized by a feeling of immediacy and desire to come through the decision making process as quickly as possible [Spicer, and Sadler-Smith,2005]

Avoidant Decision Making Style: It means avoiding or postponing making decisions. In this style, decision maker attempts to avoid or postpone making decisions[Spicer, and Sadler-Smith,2005].

METHODOLOGY

The study employed survey research design targeting 23 banks currently operating in Nigeria. The study was carried out in Lagos, the commercial capital of Nigeria where most banks have their headquarters and main human resource departments. The population of this study comprises 1,131 HR managers in banking industry of southwestern Nigeria. The study sample consists of 500 randomly selected human resource managers from human resource section of each of the 23 banks with a sample fraction of 40%. . The southwestern region in Nigeria consists of the following states: Lagos, Ogun, Oyo, Osun, and Ondo. The Banks in Southwestern Nigeria and number of human resources managers are listed below:

A questionnaire titled Decision Making Determinants Questionnaire (DMDQ) was used to collect data. The DMDQ elicited information on decision making styles from the selected respondents. In the first section of the research instrument, demographic information was gathered from respondents regarding their gender, marital status, educational attainment, and managerial position. Section B of the questionnaire examined the dependent variable (decision making styles). This study adopted and adjusted a structured instrument developed by Scott and Bruce (1995) to measure decision-making styles. These items was measured using a 5 point Likert scale ranging from strongly disagree(coded 1) to strongly agree(coded 5).

The questionnaire was pretested on a small sample (n=30) of randomly selected human resource managers. Internal consistency and stepped up formula ranged from 0.61 to 0.68. The Cronbach alpha for the complete scale was calculated at 0.55. Reliability statistics without personal attributes was 0.603. The result suggests that the adopted questionnaire was usable in Nigerian context. The content validity of the instrument is the face validity of the numerous researchers who had utilized this instrument over the years and found merit in its results (Spicer and Sadler-Smith,2005; Syhie and Sonia-Huang (2008).

A total of 498 usable questionnaires were returned. A majority of the respondents are married (75%) and 53% are males. Slightly over half (56%) of the respondents are more than 40 years old.. Most (81%) have a bachelor degree. Majority (57%)are in the middle level of their career.53% have more than six years full time experience.40% of respondents are from the Southwest geographical zone and 49% from the Northcentral.46% are Christians. Half (50%) accept rational decision making style and 63% accept intuitive style. 52% preferred dependent style while 52% preferred avoidant decision making style. Spontaneous was preferred by 54% of the respondents.

The data set was analysed using the Statistical Package for Social Sciences (Version 15.0).Likert scale is a form of ranking measurement; the ranks (nominal data) were treated as scores (ordinal data). The data set is also normally distributed. Akindele et. al. (2008) posited that normally distributed data obtained from Likert scale could be treated as scores and analysed using parametric methods hence the use of parametric methods of analysis. ANOVA and simple correlation were used to test the research hypothesis. The significant level was 5% for all tests.

The hypothesis of the study is as follows

H₀: There is no significant difference in decision making style preferences and practices among human resource managers in south-western Nigeria.

FINDINGS AND DISCUSSION OF RESULTS

The above table(1) shows that there is significantly weak positive relationship between rational and intuitive decision making styles, between rational and dependent decision making style among the managers. This implies that most managers who use rational style are by 48% likely to use intuitive decision making styles, and 18% likely to use dependent decision making style.

Also, there is positive relationship between spontaneous and intuitive, spontaneous and dependent, and spontaneous and avoidant decision making styles among the respondents. This implies that managers who use spontaneous style of decision making are likely to use 15% of intuitive decision making style, 18% of dependent decision making style, and 19% of avoidant decision making style.

There is positive relationship between rational and each of intuitive as well as dependent decision making styles, whereas there is no association between rational decision style and avoidant decision making style. The null hypothesis is rejected for rational, intuitive and dependent decision making styles since p-value is less than 0.05, and we conclude that there is significant relationship between the concerned decision making styles. Also, there is positive relationship between spontaneous decision making style and each of intuitive, dependent and avoidant decision making styles. Since the p-value for the correlation between these decision making styles is less than 0.05, we reject the null hypothesis and conclude that there is a significant relationship between the mentioned decision making styles.

The results of ANOVA in the table (2) above shows that p-values generated are less than 0.05, therefore the null hypothesis is rejected, and therefore there is significant difference in decision making style preferences and practices among human resource managers in Southern Nigeria. The result of this study reveals that HR managers that are rational in decision style are also likely to be intuitive and dependent but not avoidant non spontaneous in decision making. The managers that are intuitive are also likely to be rational and spontaneous but not dependent or avoidant. Dependent style managers are also likely to be rational and spontaneous but not avoidant nor intuitive. Avoidant decision style managers are also likely to be spontaneous but not intuitive nor dependant nor rational. This result is consistent with Scott and Bruce's finding that individuals do combine decision making styles in making important decisions and do not rely on single decision style (Scott and Bruce, 1995). Significant decision making styles predictors were found; age, state of origin, experience, marital status and gender. However, among the correlates age predict spontaneous and dependent contrary to an earlier study (Mellahi and Guermat, 2004). State of origin predicted dependent style; marital status was related to intuitive style. Male were found to be more spontaneous than female Experience is also a determinant of spontaneous decision styles.

CONCLUSION

The study highlights a number of important implications for human resource practice and management in general. The study allows managers to know more precisely what explains decision making styles. Individuals may believe in more than one value system and use several decision making styles, but this study links the two. This study also helps to understand the invisible box content of observable behaviours and styles. The study shows that certain values and demographic factors predict certain decision making styles. Such knowledge could help determine hiring, training, or restructuring. It is therefore recommended that organizations should determine the decision styles, values and demographic characteristics that will optimize their goals and objectives. Employers should employ human resource management strategy that will attract and retain managers with the preferred decision styles, values and demographic characteristics. Current employees should be reoriented to adopt preferred decision styles.

The results of this should be interpreted in light of the following limitations. The first limitation is as stated by Konrad and Linnehan (1995) that respondents of questionnaires are likely to give socially desirable responses. However, Podsakoff and Organ (1986) contended that social desirability bias only result in upward shift of distribution of responses and not likely to significantly affect interpretation of correlation of the scale. Neck, Meyer, Cohen and Corbett (2004) also expressed concern about consistency motive in self reported data. Akindele, Nasir and Owolabi (2008) and Yomere and Agbonifoh (1999) are also concerned about respondents providing data for both the dependent and independent variable resulting in common method variance. Future research may take sample from all geopolitical zones in Nigeria. Future research may also examine real time decision styles and explore their determinants.

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Table 1: Correctional analysis among decision making styles

Factors variables	Rational decision making style	Intuitive style of Decision making	Dependent Decision making Style	Avoidant Style of Decision	Spontaneous Style of Decision making	Level of sig.
Rational Decision making Style	1 498	.485 .000 498	.175 0.10 498	.063 .353 498	.68 .138 498	Pearson Correlation Sig. (2-tailed) N
Intuitive Style of Decision making	.485 .000 498	1 498	.000 .999 498	.007 .917 498	.146 .032 498	Pearson Correlation Sig. (2-tailed) N
Dependent Decision Making Style	.175 .010 498	.000 .999 498	1 498	.051 .454 498	.181 .008 498	Pearson Correlation Sig. (2-tailed) N
Avoidant Style of Decision Making	.063 .353 498	.007 .917 498	.51 .454 498	1 498	.193 .004 498	Pearson Correlation Sig. (2-tailed) N
Spontaneous Style of Decision Making	.068 .318 498	.146 .032 498	.181 .008 498	.193 .004 498	1 498	Pearson Correlation Sig. (2-tailed) N

Source: Primary Data, 2011

Correlation significant at 0.05 level

Table 2: Analysis Of Variance Summary Table

		Sum of Squares	df	Mean Square	F	Sig.
Rational style	Between Groups	65.820	23	2.992	2.413	.000
	Within Groups	588.840	475	1.240		
	Total	654.661	498			
Intuitive style	Between Groups	136.445	23	6.202	3.987	.000
	Within Groups	738.808	475	1.555		
	Total	875.253	498			
Dependent style	Between Groups	78.913	23	3.587	1.829	.013
	Within Groups	931.521	475	1.961		
	Total	1010.434	498			
Avoidant style	Between Groups	95.710	23	4.350	2.486	.000
	Within Groups	831.247	475	1.750		
	Total	926.958	498			
Spontaneous style	Between Groups	116.690	23	5.304	3.062	.000
	Within Groups	822.796	475	1.732		
	Total	939.486	498			

Source: Primary Data, 2011

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