

## Studying Efficacy of Organizational and Conceptual Factors on Manager's Decision

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### Abstract

The present study examines the impact of organizational factors on the styles of manager's decision makings and the difference between the perception of managers and employees of the styles used by managers in India. On this basis, 50 manager and 200 employees has been chosen as statistical sample. In the course of analysis, chi-square test, one-way multivariate analysis of variance and the two samples T of Friedman have been designed. The empirical test results have confirmed the normal distribution of the data thus confirmed chi-square test, one-way multivariate analysis of variance and the two samples T of Friedman test results confirmed that decision-making style is not simply contemplative of patterns and philosophy exercises but also absorbs vital self-evaluation and the general capability to instigate and uphold objectives.

**Keywords:** General decision-making style, organization's size, position of manager, perception difference, government organizations

### Introduction

Organizational efficacy is the concept of how effective an organization is in achieving the outcomes the organization intends to produce (Etzioni, Amitia, 1964). According to Richard et al. (2009) organizational efficacy confines organizational performance plus the numerous internal performance outcomes normally associated with more proficient or useful operations and other external measures that relate to considerations that are broader than those merely associated with economic valuation. According to Etzioni organizational efficacy is the degree to which an organization recognizes its goals.

Decision-making is an essential ingredient of modern management. Decision-making occupies the selection of a course of action from among two or more potential options so as to turn up at a solution for a given problem. High-quality decision-making comprises vigorous creation of original and constructive options. Modern managers must complete more than basically handle with thorough changes. The centre inconsistency a manager faces if building an organization specifically established in its aptitude to innovate swiftly and agreeably. Multiple-criteria decision-making is a sub-discipline of operations research that unambiguously regard as multiple criteria in decision-making environments.

Decision making indeed is mainly the complicated practice and occasionally the for the most part unsafe exertion that every manager should carry out. An erroneous decision taken by the managers' may grounds irrevocable injure to the organization (Atayi, 2010). Environmental movement by the manager is an imperative issue to conquer changes, demands and environmental confronts forward. In that cases, managers could do with never-ending skills and capabilities (Gholi pour, 2008). For that reason decision making is machinery that covers all the activities of the organization which have an effect on all members of the organization as an individual or as a member of the group. Organization disintegrated without any machinery to make a decision and to locate its objective which members of the organization are seeking (Moorhead and Griffin, 2007).

Shannon A. Bowen (2004) asserted that the organizational decision making is an excellent domain to explore for moral decisions. The factors enhancing moral decision making identified the commendable condition with reference to ethics and credibility. Other factors, such as the product lines and financial success of the organization also play a role in its reputation. On the other hand, a general reputation for ethical behavior is incredible that the organization constantly develops during unusual attention to ethics inside the organization. Through gaining insight into what makes an organization ethical from the success of this paradigm, it can foster an organizational culture with ethical analysis and decision making. Twitchell (2004) claimed that in today's environment there is a need to endow with high performance, scalable, and vigorous systems to roughly all business, apart from of size.

Hafstead (1980) thinks the ongoing utilize of a decision making method to a substantial measure depends on the assistants. He also emphasizes the categorization of business regarding culture, managers' practice and collective culture on account of unusual decision making methods as compare to individual culture. At the same time Comer and Becker emphasizes four effective and significant factors i.e., environmental pressure factors, communication with other members, conscientiousness obligations and attribute fads in selecting the decision making method and make a decision how to act in response to these four influential factors of the style by decisions making (Gholi Pour, 2008). Hadyzadh Moghaddam (2009) thinks about decision-making five styles of individuals and factors which influences internal characteristics and individual differences of the people. These five styles are rational decision-making styles, decision making style of intuition, dependent decision making style, instantaneous decision-making style and avoidance style of decision making. In this way, the present paper aims to examine the impact of organizational and conceptual factors on managers' decision making.

### **Literature Review**

The literature review provides a widespread structure for understanding the criticalness of studying efficacy of organizational and conceptual factors on manager's decision.

#### **2.1 Decision-making**

Generally decision-making is the thinking procedure of selecting a rational alternative from the available options. When trying to make a good decision, a person must influence the positives and negatives of each option, and think about all the alternatives. For effective decision making, a person must be able to forecast the outcome of each option as well, and based on all these items, determine which option is the best for that particular situation (Business dictionary). Whether making normal day-to-day decisions or critical, time-sensitive decisions in an emergency, using a standard problem-solving model will help ensure that your decisions are rational and logical. Decisions are taken to support organizational growth. The whole structure of management, i.e. its day to day operation is rightly built on managerial decisions.

#### **2.1 Decision-making style**

Decision-making style may be defined as people's style where they have a low tolerance for uncertainty and are efficient, rational, and logical in their way of thinking. They focus on the short term and are quick to make decisions, by and large, resulting in a decision that has been completed with nominal information and not watchfully analysing other options (Business dictionary).

#### **2.3 Rational Decision Making Style**

Rational decision-making style is a technique for methodically selecting among possible choices that is based on reason and facts. In a rational decision making process, a business manager will habitually employ a series of analytical steps to review relevant facts, observations and possible outcomes before choosing a particular course of action (Singh and Greenhouse, 2004).

#### **2.4 Intuitive Decision Making Style**

Basically, intuition is receiving input and ideas without knowing exactly how and where a people got them from. Albert Einstein claimed that the only real valuable thing is intuition. He also described about intuition "there is no logical way to the discovery of these elemental laws. There is only the way of intuition, which is helped by a feeling for the order lying behind the appearance". Intuitive decision-making is affected by four broad categories of factors: (1) problem characteristics, (2) decision characteristics, (3) personal disposition, and (4) decision-making context (Marta Sinclair, 2005).

#### **2.5 Dependent Decision Making Style**

Dependent decision making style is the simple dependence of the decision maker to assist and supervision from supplementary when faced with decision circumstances. A person enjoys dependent decision making style because of flaw in awareness and failure to receive information when taking decisions (Singh and Greenhouse, 2004).

#### **2.6 Instantaneous Decision making Style**

Instantaneous decision making style is the speedy, immediate, direct, spot and instant solution of the management problem while facing decision situations.

#### **2.7 Avoidance Decision Making Style**

Avoidance decision making style is a technique of risk management that involves (1) taking steps to remove a hazard, (2) engage in alternative activity and (3) otherwise ends a specific exposure (Business dictionary).

#### **2.8 Difference between managers and employees perceptions of the style used by the manager**

Bass and Avolio (1994) exposed those transformational leaders who support their followers to think decisively and resourcefully can have positive effect on their followers' commitment. Walumbwa and

Lawler (2003) argued that transformational leaders can motivate and increase followers' motivational level and organizational commitment by getting involved to solve problems creatively and also understanding their needs. Different perceptions of managers and employee can be different if two questionnaires drawn to management and staff.

### 3. Methodology

#### 3.1 Sample design

All managers and employees in West Bengal have been represented as universe for the present study during the year 2009. Out of the population 250 have been selected including 50 managers and 200 employees that have been classified through a random sampling method with a simple proportional allocation.

#### 3.2 Data source

The study is based on primary data obtained from scheduled questionnaires.

#### 3.3 Research tools

In the course of analysis, Homogeneous variance test, one-way multivariate analysis, Friedman test, Chi-square test and t-test have been designed.

#### 3.4 Research Hypotheses

Hypothesis I

H<sub>0</sub>: There is relationship between organizational factors and management decision-making styles.

H<sub>1</sub>: There is relationship between managers' position in organizational hierarchy and decision making styles.

Hypothesis II

H<sub>0</sub>: There is significant relationship between organization size and the style of decision making.

H<sub>1</sub>: There is no significant relationship between managers and staff perceptions of decision-making styles

### 4. Empirical Results

The homogeneity of variance tests (table-1) point out that homogeneity of variance test may be acknowledged in connection with Sig = 0.083 (Box's M=38.117). The majority cases this test is rejected, wherein the statistical population is non-normal; although data is normal. Two indexes of Pillai's Trace and Wilks' Lambda are utilized to illustrate this issue whether the mean for the group offered are equal or not. The largest part of researcher around the world used Wilks' Lambda index and the Pillai's Trace test.

**Table-1: Homogeneous variance test**

|         |        |
|---------|--------|
| Box's M | 38.117 |
| F       | 1.006  |
| Df1     | 10     |
| Df2     | 9      |
| Sig     | 0.083  |

Table-2 reveals that the Wilks' Lambda is equal to 1.116 and Sig = 0.00 explaining that this test is statistically significant. F = 4.88, P < 0.05 illustrates that the hypothesis of equality between the average of selected organizations for the styles used by managers can be rejected and also reveal that in any organization of which style is used more. The relationship between two factors has been equal to 0.339 which illustrate a good relationship between organization size and type of style management use.

Hypothesis II: There is difference between managers and employees perception in the organization decision-making styles.

To examine the above hypothesis, we primary ensure if there is a significant difference between managers and the style of its managers enlightened by the employees that there is a difference or not? If the difference is significant then Friedman test and the gaps would be identified. If  $\alpha = 0.05$  P-value < the assumption of equal means is rejected and the assumption of obtainable differences is accepted.

**Table-2: Multivariate analysis of one way variance to evaluate the association between the kind of management decisions style and size of organization**

|                 | Coefficients   | Coefficients | F      | Valence degree | Sig. | Coefficient of relationship between two factors |
|-----------------|----------------|--------------|--------|----------------|------|---|
| Constant amount | Pillai's Trace | 0.734        | 434.58 | 2              | 0.00 | 0.735   |
|                 | Wilks' Lambda  | 0.006        | 434.58 | 2              | 0.00 | 0.735   |
| Age             | Pillai's Trace | 0.917        | 5.947  | 4              | 0.00 | 0.337   |
|                 | Wilks' Lambda  | 1.116        | 4.882  | 4              | 0.00 | 0.339   |

Table-3 revealed t-test results and as said by values for t = 2.99 and P-value = 0.00 and the value of the mean difference equal to 0.15, the result is a significant difference between the style used by managers and the type style used by Managers from employees viewpoint. Therefore, the style managers have presented about their decisions is difference from the employees identify for their managers.

**Table-3: Two sample t-test to evaluate homogeneity of style used by managers and the style analyzed by the employees for the managers**

| p-value | t   | Valence degree | Mean differences and confidence interval | S.D.  | Mean | Number | Group     |
|---------|---|----------------|--|-------|------|--------|-----------|
| 0.00    | 2.99  | 204            | 0.15, (.04 ,0.29)                        | .5814 | 2.98 | 50     | Managers  |
|         |   |                |  | .3013 | 2.54 | 200    | Employees |
| Title   | Homogeneity of Style utilized by managers and the renowned style utilized by Employees for managers |                |  |       |      |        |           |

**Table-4: Friedman test rankings of decision-making styles from the viewpoint of managers and employees**

| Style utilized with Managers from Employees |             | Style utilized with managers |             | Decision making Style |
|---|-------------|------------------------------|-------------|-----------------------|
| Rank  | Coefficient | Rank                         | Coefficient |                       |
| 2   | 2.51        | 1                            | 3.27        | Rational              |
| 1   | 3.33        | 2                            | 3.14        | Intuitive             |
| 3   | 2.97        | 3                            | 2.81        | Dependent             |
| 4   | 2.18        | 4                            | 2.02        | Instant               |
| 5   | 1.66        | 5                            | 1.78        | Avoidant              |

The Friedman test results were used for the styles of managers with value of chi-square = 94.03 with sig = 0.000 is significant and the chi-square value = 275.16 with sig 0.00 is also significant. Taking into account the t-value and mean differences, it can be concluded that the coherent style is of the first priority or the foremost style used by the managers. Consequently as regards the employees' outlook condition the test result in the most wanted employee is examined that this style is located in the third rank. Intuitive style is ranked second in place by manager's opinion although it is in the first place by employees. For immediate and escaping style, managers and employees ideas are the same, and they are given the same rank. Considering the overall gap and the difference between the viewpoints of employees and managers if  $\alpha = 0.05 > P$ -value supposing equal means is rejected and the hypothesis of obtainable data is accepted.

**Table-5: Friedman test as a meaningful one on prioritizing the style utilized by managers and the style utilized by managers through employee's viewpoint**

| Style Used by Managers from Employees | Style Used by managers |                |
|---------------------------------------|------------------------|----------------|
| 85                                    | 15                     | Number         |
| 275.16                                | 94.03                  | Chi-square     |
| 2                                     | 2                      | Valence degree |
| 0.00                                  | 0.00                   | Sig.           |

### 5. Discussion and Conclusion

This study examines the impact of organizational factors on the styles of manager's decision makings in India. The empirical results point out that there are association between managers' position in organizational hierarchy and decision-making style. The study also designated that organizational factor, for instance, size of the organization in organization's hierarchy persuade the style of overall decision makings by the manager. Also there is a significant difference between the perception of managers and employee about the style of manager's decisions.

For test of hypothesis, both Chi Square and one sample t is verified with the status of each organization. Chi Square test results illustrated that there is significant association between the managers position in organizational hierarchy and decision models. The t test results corroborated the chi-square test results. Also this study shows there is a significant difference between managers and the employees' perception of decision-making models in different organizations.

Friedman test result illustrated that as regards manager's perspective the rational style has the highest priority, intuitive style second priority and the third priority belongs to dependent style. At the same time as regards staff perspective intuitive style highest priority, dependent style second priority and rational style is in the third priority. From the standpoint of managers and employees immediate and avoidant style are the fourth and fifth place correspondingly.

Therefore, decision-making style is not simply contemplative of patterns and philosophy exercises but also absorbs vital self-evaluation and the general capability to instigate and uphold objectives (i.e. self-regulation).

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