

# Factors Affecting Decision Making In an Organization

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**Abstract:** Manager's decision value is very high, because often these decisions are vitally important for organization and its employees. The decision quality depends on the manager's knowledge, experience and perceptions of the situation. In Twenty-first century when the competition is very high between companies, Organizations need in a limited time make many risky decisions, and that's why grows the importance of research decision-making process. Often the company's management needs to make a decision in an undefined situation, and this further complicates the process. The objective of the issues is a study of issues related to managerial decision-making, description of a different style of management decision-making features, identification of its positive and negative types. The article also discusses the best practices regarding managerial decision-making and there are given recommendations for improving the decision-making. To achieve these goals there has been studied monographs, scientific Articles and other works on a given issue.

**Keywords:** Management, Leadership, Decision-making styles, Decision-making process.

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## I. INTRODUCTION

One of the most important factors determining the success or failure of the company is management's decisions. To our opinion, it is very important to have well-researched issues related to the management decision-making, different styles of advantages / disadvantages of decision-making, factors contributing to decision-making and views that should have the management during decision-making. The aim was to study the issues related to the management decision-making. This article has the review-related character, there was studied and analysed various monographs and scientific researches, on which the article was relied.

## II. MANAGERIAL DECISION-MAKING AND RELATED ISSUES

Company management in the 21st century is quite difficult and complex. Management decisions are often define as the fate of the employees, so as of the company, therefore it is necessary to investigate the decision-making process and related issues comprehensively.

Manager's decision depends on a number of factors, namely: the manager's knowledge, experience and possibility of understanding the process and objective factors. It should be mentioned that, professional managers will be well aware of the responsibility for the decisions made.

Solutions to be taken by a manager can be viewed from different angles. For example, decisions by its nature can be: programmed and non-programmed.

Program decisions are made for fulfilment of repetitive and routine tasks. And non-programmed solutions are used in a unique and difficult situation; they are innovative in essence, because newly created problems are settled by unconventional solutions.

For achieving constant / high level, the company needs to elaborate certain standards for action in standard scenarios. Development of such standards provides that there will not be operational shortcomings on the equal level. One of the

principles of the world giant company "Toyota" says "standardized processes and actions are the basis and motivator for constant improvement". It definitely should be mentioned that the process standardization does not involve the constant freezing and receiving as constant reality. The organization is a living organism, and therefore, it is necessary to update standardized processes - for better satisfaction of users, which will be possible through ensuring a healthy, high-level corporate culture and good will in the company.

Decision-making is related to some kind of compromise. Hierarchically we distinguish the strategic, tactical and operational decisions. Strategic and partially tactical decisions are non-programmed and programmed decisions are mostly made on operational level.

Management may have three different approaches to decision-making: intuitive decisions; reasoning-based solutions; rational decisions.

Intuitive solutions - people often make decisions on the base of feelings (inner voice, heart sound, instinct, intuition), which has not yet been studied and play importance and a very big role in the successful people-business, as well as in science and other spheres of activity.

Intuitive decision is a choice made with the sense of inner confidence. Manager's knowledge, experience and understanding of the responsibility for the outcome determine the accuracy of intuitive decision.

The success of the company impossible without very well thought out and thoughtful decision made by the management, however, very well thought-out decision may have no effect, as many of the company's example shows. Businesses in itself imply a risk, even according to the definition of business, it is: "own risk-based entrepreneurial activities", and the risk implies that there always is remained "something" unexpected in entrepreneurial activity. Here the question arises, how to work in an environment where each investment has so much vital importance, accumulation of which in the market economics is very difficult. Certainly we have no clear answer, but there are shown ways of different successful entrepreneurs and geniuses, which give recommendations regarding adoption decisions in undefined environment. For example, Albert Einstein used to say that "intuition - it is a sacred gift and the rational thinking - good service. We have created a society that has respectful attitude towards the servant and has forgotten the gift. "As Einstein says - rational thinking, which may also be confused with logical thinking - holds great practical value, but do not forget that it is a tool. The world's richest man - Bill Gates adds: "In part you have to rely on your intuition ". It is not simple - based on - the so-called untouched and not direct proof feelings, but it is necessary. As Steve Jobs says, "Your time is limited, so do not lose it for another human life. „Do not be bound by dogma, which is the result of other people's thinking. Do not allow other people to vote, and do not suppress own inner voice and most important, have the courage to follow your heart and intuition. They somehow always know what you want to be become, everything else is secondary."

Therefore in our opinion, it is clear that, to be based on own intuition and inner voice is one of the important and crucial in the process of achieving success.

Discussion taken on the basis of decisions – discussion-based decision can be considered as a result based on knowledge, experience, logic and mutual agreement of certain group of people. Decision on the base of judgment is made on the basis of mutual reasoning – through summarizing thoughts of qualified staff and if necessary external consultants. The great advantage of such decision is the synergy that will provide the selection of the best alternative, but it is necessary to say that compared with individual decisions it requires more time and is less flexible.

Rational solution to the problem: the rational way of problem-solving process is very efficient and effective. In addition, as the practice shows, it is quite usable. Rational decision-making process includes the following steps connected to each other logically:

- Problem Diagnosis;
- Selection of decision-making criteria and restrictions;
- Outlined alternatives;
- Evaluation of Alternatives;
- Selection of Alternatives;
- Implementation;

- Establishing feedback.

At first, of course we should define the problem, what decision-making should be regarded with. Then you need to determine the limits and criteria within which implementation area should be placed (it may be time limits, resources and other limiting factors). After we need to generate ideas, outline certain number of real ideas, the next stage is the assessment of alternatives – according to some criteria, which is a precondition for the selection of specific alternatives. Every good decision requires satisfaction; otherwise it will be remained only on a paper. So the next step is implementation. Finally, after realization we need to establish a feedback, which give an answer to the questions: did we receive the planned result? Are additional measures and new decisions needed or not?

I've mentioned above possible approaches to decision-making, now, logically, I must mention the factors that determine the decision-making. These include: Leadership qualities; the culture, the leader belongs to; Environment where the decision is made: certainty, risk and uncertainty; Time and related factors.

There are several styles of management decisions. Each of them has its own specifics. In particular, the following decision-making styles are acknowledged in modern literature: the directive style, analytical style, conceptual style and instructive style.

Managers, making decisions by directive style, have the following characteristics: they can imagine present problems easily and clearly; do not like to analyzing a vast array of information, they prefer to solve problems quickly, mainly they discuss one or two alternative and not a large number of alternatives; are distinguished with rational thinking and productivity; mostly rely on the existing rules and procedures.

Analytical style is characteristic for managers, who can: find complex decisions from comprehensive analysis of information, can make rational and objective decisions after deeply studying comparable options;

Conceptual style is typical for managers, who: prefer to analyse large arrays of information, until making final decision; unlike managers with analytical style, they have high sense of social responsibility; They can discuss the problem with co-workers and jointly tack ways for solution; They can use their creative potential in full during decision-making process.

Mentor Style: characteristic to managers who: feel great responsibility for their employees; they start decision-making process with specification of each employee's opinion; pay much attention to the personal development of employees and contribute to their career.

### **III. CONCLUSION**

In conclusion we can say that each type of managerial decision-making style has advantages and disadvantages of its own, and it should be well-thought-out by the management of any company. For example, persons making decisions by the directive style are distinguished by the rapidness, but it may grow a risk of making mistakes or of missing good alternatives because the problem is not studied in detail. Decisions made by analytic style are more deeply studied, and therefore are more reliable, but the problem here is that - in today's world, when the pace of life is so accelerated – spending a great time for each decision can sometimes be detrimental to a company. As for the conceptual style managers, they are approximately similar to analytical style managers but they have more social responsibility, in addition they are trying to use creative potential maximally. As for instructive style, a great advantage for such type of managers is a provision of engagement of employees in a decision-making process, which leads to have more alternatives and grow possibility of making better decisions. However, the disadvantage of an instructive style is that in large companies this process may be associated with a lot of time.

If you look at the best practices, in connection with making decisions it can be said that it is important for the management to take into account the following advices:

- It is desired for the company to maximize the use of the staff 's specific knowledge in decision-making process, in addition, the management have to make such environment for the staff in the process, so to feel freely and not to have certain fears, in case of making a mistake.
- To take appropriate measures for establishing the rule for group decision-making, in order to turn this as a part of the corporate culture.
- It also is important for the management to reject false solutions quickly as soon as possible

- Stimulation of creative thinking in the management as well as in the staff in order to ensure the company's development
- Stimulation of constructive conflicts, which contribute to the enhancement of the existing problems and the best ways of making the right decision.

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