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MANAGERIAL DECISION MAKING IN AN ORGANIZATION: A THEORETICAL FRAMEWORK

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ABSTRACT

Organizations regardless of their types and sizes are bound to take decisions from time to time about their operations .All functions performed in the organization(profit or not for profit) are decision-oriented. The object of this paper is to highlight the various theoretical backgrounds as regards decision making which sometimes, eventually leads to the achievement of organizational goals and objectives .This paper also considered existent models of decision making and various managerial levels at which decisions are made. The paper was concluded that managerial decision making styles such as participative, consultative and democratic can enhance organizational effectiveness and efficiency. It was recommended that routine decisions should be delegated, experts' opinions should be gotten for technical decisions and that all stakeholders should be consulted and carried along during decision making.

Keywords: decision, decision making, managerial decision making styles, problem solving, decision making process

INTRODUCTION

An organization does not just exist for fun, it is established or designed to achieve some goals and objectives. A goal and objective is a set of target, which provides the foundation on which an organization is built (Ujo, 2002). It provides yard-stick against which to assess the performance of the organization. Two key performance measurements are often identified, effectiveness and efficiency. Effectiveness is a measurement of the success of the organization in attaining its goals while efficiency measures how the organization has utilized its resources in attaining these goals (Ujo, 2002).Hence, the success of the organization is dependent upon its effectiveness. However, the goals of the organization cannot be achieved without managers making decisions from time to time. Decisions must at one time or the other be made in relation to how will the organization grow? How will the social and physical environment affect its growth? What line of business should it involve in? Who should its suppliers and customers be? In general, organization faces a scarcity of resources between or among alternative courses of action which boils down to decision making.

The above elucidates the need for and the roles of managerial decision making in all organizations without regard for their types or nature. Many organizations have succeeded today, while some have fizzled out; this is due to the level of competence of the management of such organization to make goal-getting or target-hitting decision. According to Harrison (1987) managerial decision making constitute a school of thought that believes that the central focus of management is on decision making. This is because managerial values and behaviour are oriented towards making managerial choices between and among alternatives that help to achieve managerial objectives and fulfil organizational purposes. It is on the relevance of the above scenario that this paper is focused. It is poised to discuss the concept of decision making, its models and styles as well as decision making levels.

CONCEPTS OF DECISION AND DECISION MAKING

Harrison (1975) has noted in discussing the subject of decision making, it is customary to focus one or more of three things: (1) the decision making process, (2) the decision maker, (3) the decision itself. This focus on different aspect of decision making activities has also led to different definitions of decision making. According to Shull and his associates (1970), they defined decision making as a conscious and human process involving both individual and social phenomena, based upon factual and value premises which include a choice of one behavioural activity from among one or more alternatives with the intention of moving towards some desired state or goal. Butler (1992) defines a decision as the selection of the postponed course of action. These definitions highlight the following as the key aspect of decision 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 does occupy 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. 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 includes activities that are designed to realize the decision. In other words, it is not sufficient to say that a decision is made. These characteristics suggest that decision making is a process that involves the selection and implementation of a course of action from a number of alternatives that have been developed in response to some experienced need. This need could be internally or externally motivated and could be related to solving a problem or taking advantage of an opportunity. Implementation occurs more smoothly when the decision makers' shows sensitivity in considering the possible reaction of those the decision will affect.

Eilon (1990) accurately observes that most of the definition of a decision indicates that "decision maker has several alternatives and that his choices involves a comparison between these alternatives and an evaluation of the outcomes. Ekaneru and Iyiola (2005) defined a decision as a moment in an on going process of evaluating alternatives for meeting an objective at which expectations about a particular course of action impel the decision maker to select the course of action most likely to result in attaining the objective. Decision is one of the steps, the last step in decision making process. A some what simple definition would be that it is a settlement, a fixed intention, used to bring a conclusive result. It could be also called a resolution or a judgment to bring conclusive result. Webster dictionary, among its several meanings contains two that, when put together are applicable to what we are after.

To paraphrase and combine them, a decision is the act of deciding or settling a dispute or question by giving a judgment or conclusion reached or given. A decision is therefore an act, but an act requiring judgment, while a judgment requires a choice to become a decision. Akingbade (2007) saw a decision as only one step in an intellectual process of differentiating among relevant alternatives. It is "the point of selection and commitment, the decision maker chooses the preferred purpose the most reasonable task statement or the best course of action".

MANAGERIAL DECISION MAKING MODELS

Managerial decision making models as an interdisciplinary aspect are best illustrated within the framework of the set of models. Such models show how much emphasis applicable disciplines receive in decision making. Different interdisciplinary approaches to decision making may be viewed as decision making models because they represent a particular segment of the real world at a given time and place under varying conditions. Rice and Bishoprick (2003) have defined models in a way that is suitable as; Models can be mathematical, social or philosophical. They involve physical phenomena, emotional phenomena or in fact anything capable of theoretical analysis, because they are used in theoretical analysis, there have been many different models developed to explain the same or similar phenomena. Each theoretical discipline in examining an occurrence must develop its own model to explain the same or similar phenomena. According to Rice and Bishoprick (2003) before presenting the decision models, several point needs to be noted.

1) The models presented are not mutually exclusive in that different models will share some of the same component.
2) The models are simplified as much as possible.
3) There are many models of decision making that will not be presented, only salient ones.

The models to be presented intend to reflect assumption and behaviour relevant to decision making in various organizational settings. They illustrate the interdisciplinary aspect of decision making. Clearly there is virtually no limit to the number of models of decision making. But the models to be discussed in this project will be most suitable for the purpose of reflecting the current emerging field of managerial decision making.

THE RATIONAL ECONOMIC MODEL OF MANAGERIAL DECISION MAKING

The rational model of decision making is essentially normative in that it is prescriptive rather than descriptive (Harrison, 1995). It attempts to prescribe on the basis of some rather prescribed assumptions, the conditions under which managers should make decisions in formal organization. According to Steinbruner (2008) the rational model specifies those things that managers must do to be effective decision makers. The rational model is a classical approach in the field of decision making. It provides the foundation for the quantitative disciplines of economics, mathematics and statistics. Indeed the rational model is the main many regard decision making as intrinsically quantitative (Harrison, 1995). Some what simplistically the rational model assumes that the decision maker is aware of all the options, that is available course of action and that effect of all possible future can be determined. According to Lahti (2008) one rather common variation of the rational model assumes that;

1) There is only one decision maker.
2) The decision maker has only one objective.
3) The objective of the decision maker can be written in quantitative terms.
4) The decision problem simply consists of choosing the best course of action.

More comprehensively, the rational model translates the objectives of the decision maker into a preference function that represents in numerical terms the value or utility of a given set of alternatives. Ryan (2008) concluded that, it is therefore instructive to focus on the following principal shortcomings of the assumptions underlying the rational model of formulating effective managerial decisions,

1) Objectives are seldom fixed in any organizational settings
2) Managers seldom if ever have unlimited information about a given set of alternatives.
3) Managerial decision makers have cognitive limitations that restrict the amount of information and the number of alternatives they can consider.
4) The variables in most decision making situations cannot be completely controlled.

On the positive side, Ryan (2008) also concluded that the rational model has some advantages if it is used selectively to support one of the other major decision making models.

1) Is prescriptive in that it focuses on how decisions ought to be made.
2) Assumes the decision maker is completely rational (i.e. seeks to maximize the pay off and utilizes a search process that proceeds in a planned, orderly and consistent fashion) and unbiased.
3) Assumes that the decision maker has available all the information needed to make effective managerial decision and that all possible alternatives are considered.
4) The decision maker proceeds through the following sequence of steps; problem identification, development of criteria against which alternative solution can be evaluated, identification of alternative course of action, evaluation and selection of the best alternative and implementation.

THE ADMINISTRATIVE ORGANIZATIONAL MODEL OF MANAGERIAL DECISION MAKING

It is to be known that the rational model is the foundation for quantitative discipline in managerial decision making. Conversely, the organizational model combines the behavioural disciplines with quantitative analysis. This decision makers choice takes note of constrains caused by the external environment. According to Aderibigbe (2007), the organizational model, in many ways forsakes the specific norms and prescription of the classical model, replacing them with a more open approach that provides for the many behavioural and environmental constraints imposed on managerial decision makers. Aderibigbe (2007) again once said, that the organizational model is a "temporal process" in which(decision maker) placed in an organized structure, participate with various objectives that are changing and contradictory on imperfect knowledge of the possible alternatives and of their consequences and a will to reach not a maximum of advantages but an acceptable level of satisfaction. Cyert and March (2007) asserted that the organizational model is characterized by;

1 Multiple, changing, acceptable level goals.
2. An approximate sequential consideration of alternatives. The first
3. The avoidance of uncertainty by following policy and procedures and reacting to feedback rather than attempting to predict consequences.
4. Making and implementing choices within procedure and with the use of rules of thumb derived from experience.

Frank (2006) broadens the dimension of the organizational model beyond the neoclassical approach advanced by Cyert and March (2007). He noted five significant deviations from the rational model that reflect the behavioural aspects of managerial decision making in formal organizations. These deviations include; Factored problems: Managerial decision making plights are so complex that only a limited number of each problem can be attended to at a time. Thus managerial decision maker divide (factor) problems into a number of roughly independent parts and deal with the parts Frank (2006); Satisficing: Maximizing of outcomes, which is characterized by the rational model, is replaced by Satisficing of outcomes in the organizational model. Search: Organizations generate alternatives by relatively stable sequential record/ search procedure as in the neoclassical approach Cyert and March (2007), the discovery to meet the managerial objectives sufficient to abort the search procedures. Uncertainty Avoidance : Also as in the neoclassical approach of cyert and March (2007), uncertainty tends to be avoided by making choices that emphasize short run feedback to provide for timely changes from the managerial objectives. Repertories: Organizations tends to have second and third alternatives that may be implemented if feedback indicates that the satisfactory choice is not yielding a desirable outcome. Zaht (2008) in his book 'Group' Decision making within the organization, sourced out some basic key assumptions and ingredients of the behavioural organizational model of managerial decision making. These assumptions include;

1 Is descriptive in that it describes how decisions are actually made
2 Decision makers seek to simplify problems and make them less complex because they are constrained by their individual capabilities
3 Assumes that decision making criteria that they examine a limited number of decision making criteria, that they examine a limited range of alternatives (only those which are easy to find, highly visible, have been tried before) and that they do not possess all the information needed to make quantity/ effective decision.
4 The decision maker selects a satisfactory alternative. This is an alternative that is "good – enough" or satisfactory in that it meet its the minimum criteria established for a desired solution

THE POLITICAL MODEL

Cole (2005) noted that the political model is based primarily on the disciplines of political aspect (of science, philosophy and sociology). This model is completely different from the classifiable model, which is noted embedded firmly in quantitatively discipline. Indeed, the political model's foundation is almost totally behavioural. With its orientation towards short-time results within a context of policy and procedure, the organizational model is similar to the political model. Cole (2005) noted that the principal difference between the two is that the political models employ a compromise or bargaining decision – making strategy and aims towards an outcome that is acceptable to many external constituencies. Conversely, the organizational model is by definition, geared to outcomes that benefit the firm or the institution at least in the short run. Lindblom (2006) asserted that the political model is founded on the concept of incrementalism: "The central notion of incrementalism is that choice is managerial". Managerial decision makers should consider of only small differences from the present condition or state of affairs. Lindblom (2006) further confirmed that incremental decision making is serial or continuous attack on a permanent but changing need with a particular unit at the level of the organization. Conditions are improved but problems are solved through incremental decision making.

This is of course the primary reason this approach is the sine qua non of the political model. Acceptance of the likely outcome by managerial decision makers and external constituencies is the primary criterion for successful decision making in the political model(Harrison,1995).Economic benefits, mathematical constructs and statistical techniques play little part in the political model rather the behavioural aspect of managerial decision making are predominant. As such the political model is more appropriate for use in formal organizations that depends on external constituencies. Examples are government agencies and other types of public services institutions.

THE PROCESS IMPLICIT MODEL

The process model of managerial decision making with its strong managerial emphasis and its objectives oriented outcome is the model to be adopted in this project work/research. The process model is oriented toward long- term results. This model has a planning mode that is not apparent in the organization mode with its new classical approach to managerial decision making. According to Cole (2005), the process model is geared toward growth and the future. According to him, the process model is strategic in its orientation and with its long-term horizon is define and designed to accommodate managerial innovation qualities. Because of its nature, the process model derives part of its nomenclature from the other managerial decision models. These eclectic models make it the epitome of interdisciplinary decision making. For example, the process model employs some of the techniques of the rational model, which emphasizes the uncertainty in comparing and evaluating alternatives.

Additionally, Andrew (2008) started that the process model will from time to time use some of the bargaining techniques for the political model to make a proposed choice more acceptable to disagreeable constituencies. Andrew (2008) further noted that the process model changes and echoes the organizational model by emphasizing the human institutional and environmental constraints that confront managerial decision makers. Basic assumptions as sourced by Lahti (2003) include the following below;

1) Is description in that it describes how decisions are actually made.

2) The decision maker seeks to simplify the decision making process by identifying an "implicit favourite" before alternatives are evaluated; this often occurs subconsciously.
3) The decision maker is neither rational nor objective and unbiased.
4) In this model "decision making" is essentially a process of confirming a choice/decision that has already been made. The actual decision in an intuitive and unscientific fashion.

DECISION MAKING PROCESS

Decision making is an orderly process beginning with the discovery by the decision maker of a discrepancy between the perceived state of affairs and the desired state. Decision making is also a dynamic process: complex, redolent with feedback and sideways, full of search detours, information gathering, ignoring filled by fluctuating uncertainty, fuzziness and conflict; it is an organic unity of both pre decision and post decision stages (Harrision 1995) in (zalking and Costello, 2007). Ogunbameru (2004), identified by following stages in the decision making process. These are:

IDENTIFY THE PROBLEM

The first step in the decision making process is recognizing that a problem exists. Three strategies are involved; scanning, categorization and diagnosis.
Scanning strategy involves monitoring the work situation for changing circumstances that may signal the emergence of a problem
Categorization strategy entails attempting to understand and verify signs that there are some types of discrepancies between a current state and what is desired.
Diagnostic strategy involves gathering additional information and specifying both the nature and causes of the problem.

GENERATE ALTERNATIVE SOLUTIONS

This leads to a higher quality solution particularly where the solution calls for creative and innovative ones. This step can be facilitated by enhancing creativity that encourages group members to generate as many novel ideas as possible on a given topic without evaluating them.

BRAINSTORMING

According to Raphael (2006) four strategies are used when brainstorming;
1) Don't criticize ideas while gathering possible solution.
2) Free wheel wild and outrageous ideas should be offered
3) Offer as many ideas as possible which increases the probability that some of them will be effective solution.
4) Combine and improve on ideas that have been offered; often the best ideas come from combination of the ideas of others.

EVALUATE AND CHOOSE AN ALTERNATIVE

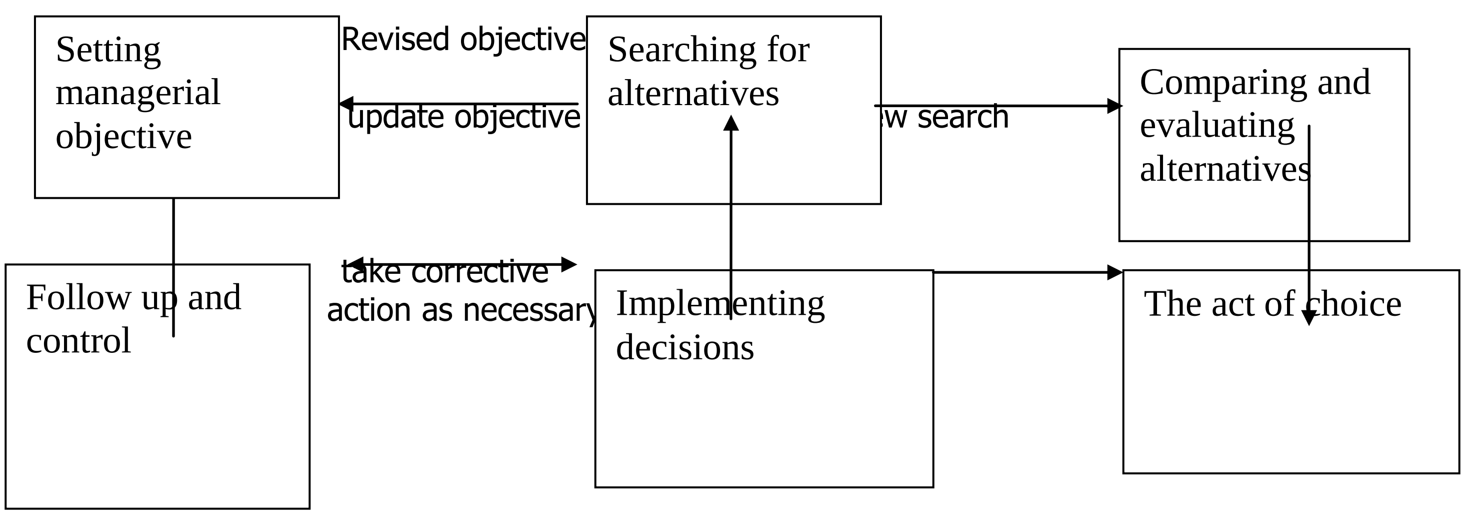
This involves carefully considering the advantages and disadvantages of each alternative before choosing one of them. For managers to be effective in the decisions they make, Reinecke (1997) identifies six criteria that guide the evaluation:

1) Feasibility : extent to which an alternative can be accomplished within related organizational constraints, such as time, budget, technology and policies
2) Quality extent to which an alternative effectively solves the problem under consideration.
3) Acceptability: the degree to which the decision maker and others who will be affected by the implementation of alternative are willing to support it.
4) Cost the resources level required and extent to which the alternative is likely to have undesirable side effect.
5) Reversibility: extent to which an alternative can be reversed.
6) Ethnic : extent to which an alternative is compatible with the social responsibilities of the organization and the ethnical standard for its managers

IMPLEMENT AND MONITOR THE SOLUTION

A successful execution of decision making process should be accomplished by implementing and monitoring the chosen solution. Difficulties at this final step can make the first three steps fall even with "good" decisions. To successfully implement depends on two factors; careful planning and sensitivity of those involved in their implementation and /or affected by it. Minor changes may require only a small amount of planning while major changes may call for extensive planning effort. Implementation occurs more smoothly when the decision maker shows sensitivity in considering the possible reactions of those the decision will affect. To ensure that things are progressing as planned and that the problem that triggered the decision progress has been resolved, managers need to monitor decision implementation.

Figure 1: THE DECISION MAKING PROCESS



Source: Harrison E.F (1995) The Managerial Decision Making Process

PROBLEM SOLVING

For organizational effectiveness through managerial decision making, Adesina and Adeniji (2006) state that problem solving involves the process of thoughtfully and deliberately striving to overcome obstacles in the path toward a goal.

DIFFERENCE BETWEEN DECISION MAKING AND PROBLEM SOLVING

Decision making and problem solving are not synonymous. However, problem solving often leads to some decisions. Babel and Collina (2007) observe that the terms decision making and problem solving are different. Problem solving involves thoughtfully and deliberately striving to overcome obstacles in path toward a goal. They confine the term decision making to the choice process in which one among several possibilities is selected. The interrelationship between decision making and problem solving is obviously the source of the confusion between the terms. Bass (2000) states that problems require decision making if there is a barrier between a current and a desirable state of affairs. Again, a problem arises if the organization cannot automatically move from a current steady state to a preferred one.

One the balance , decision making is a more comprehensive process than problem solving to the extent that it is all encompassing. Problem solving is only a part of decision making, but the presence of problem solving is not sufficient to justify a claim of decision making. The terms then, are interrelated but not interchangeable.

TYPES OF DECISION MAKING

Most classifications of decision are based upon the predictability of decisions. Different authors have classified decision making leading to organizational effectiveness in various ways. But an inference from the various typologies indicates that decision making could either be programmed or non-programmed. For instance, Bass (2003) made an important distinction between them. Programmed decisions are straight forward, repetitive and routine, Needham and Dransfield (2006) in nature and they make use of predetermined rules or policies. Ogunbameru (2004) says programmed decisions are mostly made by bottom and middle managers. Non-programmed decisions are novel, unstructured and consequential (Simon, 2005). They are decisions which predetermined rules are impractical. According to Needham and Dransfield (2006), there is no cut-and-dried method for handling situations which are not arisen before. Simon (2005) opined that these two types of decisions were ends of a continuum with all shades of grey lying in between. Most of the significant decisions that managers make fall into this category. Furthermore, Gilligan, Neale and Murray (2008), in their Business Decision Making extend this analysis to identify three types of decisions that managers might encounter depending on the degree of certainty or uncertainty associated with the outcome, time period involved, frequency with which decisions have to be made, the extent to which subject is routine or non routine and the implications of decision for the organization.

Short-term operating control decisions

These are decisions that have to be frequently made involving short-term, predictable operations such as the ordering of new stock, the design of a production schedule for the preparation of a transport route for deliveries.

Periodic Control Decisions

These are made less frequently and are concerned with monitoring how effectively an organization is managing its resources. Such decisions might include the review of problems occurring in an ongoing company budget or the re-appraisal of the way in which the sales force is being used. These decisions are concerned with checking for and rectifying problems concerned with meeting company objectives.

Strategic Decisions

These are major decisions involving overall strategy. They often require a considerable exercise of judgment by the person responsible for making this type of decision because, although such decisions will require a considerable amount of analysis, important pieces of information will frequently be missing and so risk will be involved. Examples would include the investment in new product, plant, development of new technologies, investing in a new stock or the development of a new marketing strategy (Gilligan, Neale and Murray, 2008.)

LEVELS OF MANAGERIAL DECISION MAKING

According to Lucey (2008) managerial decision making levels are basically categorized into three;

1. Top/ Strategic Management level
2. Middle/ tactical Management level
3. Lower/ operational/Supervisory Management level

TOP/STRATEGIC MANAGEMENT LEVEL

This level of management takes long - term decision s which are capable effecting the future development of an organization example of decisions made here includes, decision about entering into exit from a broader or larger stock market (banks) capital investment decisions etc. According to Adeniji (2006), for organizations to be effective, managerial decisions involved in strategic management level should be characterized with the following;

1. It should be relevant to be long term.
2. It should originate from both internal and external organizational sources.
3. It should be both quantitative and qualitative.
4. It must deal with whole organization

MIDDLE/TACTICAL MANAGEMENT LEVEL

Adeniji (2006) stated that decision taken at the top involve only few people all of whom are not necessarily experts. In view of this, there is the need for a different level of management that is made up of experts in various areas who can implement decisions taken at the top. This level is called tactical level of management and they are responsible for taken decisions such as budgeting, personnel decisions, and developing appropriate tool to facilitate the quality decisions (managerial) in order to ensure organizational effectiveness. To foster success, they also must be provided with information on decisions made that is proportionate to their responsibility. The features of this type of information according to Fiolet (2008) are

- It should be prepared routinely and regularly
- It should be relevant, short-term and medium term and,
- Lastly, it is based on quantitative measures

LOWER /OPERATIONAL MANAGEMENT LEVEL

Managers at this level handle day to day operations of an organization. Preparation and implementation of work schedule, assignment of task, and maintenance quality of control are some of the decisions made in this level. They must be supplied with information characterized by; one, largely quantitative, two, it should be prepared constantly, and also must be task specific and must relate to immediate term.

MANAGERIAL DECISION –MAKING STYLE

Managers are stuck with decision making. Their job is to make decisions that are in the best interest of the whole organization. They must consider the good of many not a few. This is a big responsibility and very often people don't appreciate their efforts. In fact, many times workers/organizational members get angry at the (managers) because of the decisions they make to help: stated by; Leadership Management Development Center, United Kingdom, 2008. Let's take a moment and discuss managerial style, not the decision itself, but style. The leadership management Development Centre 2008 asserted that effective managers are expected to consider the style they most often use and ask themselves, if they consistently use the proper style for each situation after the description of each style below. Decision making style include;

1. Collective-participative style
2. Autocratic-directive style
3. Demographic-consultative style
4. Consensus-collaborative style.

COLLECTIVE PARTICIPATION MANAGEMENT STYLE

This is a situation when the manager involves the members of the organization. Other perspectives of the situation are discovered because the manager deliberately ask and encourages others to participate by giving their ideas, perceptions, knowledge and information concerning the decision. Blanchard, Johnson and Hersey (2007) asserted that managers maintain total control of the decision because although outside information is considered, the manager alone decides. The manager is also completely responsible for the good and the bad outcome as a result of the decision. Advantages include some group participation and involvement. This is especially valuable when a person is affected negatively by the decision. In most cases, the individual is informed before the decision is implemented and usually feels good about personal involvement. If the manager is a good communicator, and listens carefully to the information collected, he or she will usually have a more accurate understanding of the situation and make a better decision. Disadvantages include a fairly slow time consuming decision; less security, because so many people are involved in the decision. Characteristics include;

1. Decision is delegated to a team.
2. No right of refusal by authority.
3. It can be used for recommendations.

When to use

1. Where decision is low.
2. For recommendations only.
3. When decisions can legitimately be made by individuals.

Manager's roles in making the decision

Research, ponder, explore, and decide or recommend.

Manager's role after the decision is made

Accept, communicate and implement.

Manager's action implemented

Set boundaries and parameters of decision making process.
Help facilitate.
Delegate to team/others.

AUTOCRATIC-DIRECTIVE STYLE

Under this style of management/leadership, managers maintain total control and ownership of the decision. The manager is also completely responsible for the good or bad outcome as a result of the decision. The manager does not ask for any suggestion or ideas from outside source and decides from his/her own internal information and perception of the situation.

Advantages include a very fast decision and personal responsibility by the manager, for the outcome. If an emergency situation exists, the autocratic directive style is usually the best choice for effective organization performance (Hersey, Blanchard and Johnson, 2004).

Disadvantages are varied and sometimes includes less than desired effort from organizational members that must carry out the decision which can seriously deteriorate the standard performance of the organization.

Characteristics

1. Decision is made by authority
2. Not open for discussion.
3. Explanations of how to implement are giving when to use
4. For policy/procedures.
5. Staffing decisions.

Manager's role in making decision

None

Manager's role after the decision is made

Accept and comply.

Manager's action implemented

Decision is made with little or no input.

DEMOCRATIC- CONSULTATIVE STYLE

Manager's here give up ownership and control of a decision and allows the members/employees to vote. Effectiveness and efficiency of decision by majority's vote. Actions are implemented based on the realised majority vote.

Advantages include a fairly fast decision and a certain amount of group participation.

Disadvantage of this management style include no responsibility. An individual is not responsible for the outcome. This disadvantage leads to the defect of task accomplishment which can deteriorate the effectiveness of an organization.

Characteristics

1. Decision is made by authority.
2. Process is shared with "others"
3. Clarification and implications of the decision will be given.

When to use

Decision is sensitive- all involved want understanding of the thought process without the details of the decision.

Manager's role in making the decision

Accept and comply.

Manager's action implemented

Work with group to elicit feedback from all involved.

Make final decision.

2.7.4 CONSENSUS-COLLABORATIVE STYLE.

In this style, a manager gives up total control of the decision. All organizational members are totally involved in the decision. Here, the manager is not individually responsible for the outcome. The complete organization/group is now responsible for the outcome. It is to be noted that this is not a democratic style because everyone must agree and 'buy in" on the decision. If total commitment and agreement by everyone is not obtained, the decision becomes democratic.

Advantages include group commitment and responsibility for the outcome. Teamwork and good security is also created because everyone has a stake in the success of the decision. Disadvantages include a very slow and extremely time consuming decision.

Characteristics

1. Right of refusal by authority.
2. Authority works jointly with others.
3. "Others" are capable and ready to share and accept the authority (knowledge, skills and ability).

When to use

Others can accept the responsibility for their roles in the decision.

There is understanding and acceptance of the ramifications of the decision.

Manager's role in making decision

To share information pertinent to the decision in order to enhance quality organization performance

Manager's role after the decision is made
Accept and implement.
Manager's action implemented
Make final decision and strategies for implementation.

CONCLUSION

This contribution has led to the conclusion that managerial decision-making plays a crucial role in achieving organizational effectiveness and efficiency. Hence, organizations should take it as priority function. Also it can be concluded that the use of decision-making styles such as democratic, participative and collaborative style, which involves other stakeholders of the firm, enhance effectiveness of decisions made. Hence, management should endeavour to carry the stakeholders along in the decision-making process. It can also be inferred from the above that managerial decisions enables the organization to achieve its objectives of profit maximization. Finally, it can be concluded that all the above feats in any organization are dependent upon the quality of decisions made by their management. The achievements of organizations therefore depict that managerial decisions has role to play in the effectiveness and efficiency of any organization.

RECOMMENDATIONS

From the foregoing, the following recommendations are made to organizations with respect to managerial decision-making.

1. Managerial decision-making should be prioritized by management.
2. When making crucial decision like floating new shares or introducing new product line, management should endeavour to consult with stakeholders such as shareholders, big-shot customers or suppliers.
3. Less important or routine decisions should be delegated to capable employees.
4. Management should put relevant information technological tools in place so as to aid the decision making process. For example, decision makers should have access to information system such as executive information system, decision support system and others.
5. Experts should be involved when decisions involve technical analysis which cannot be easily handled by management without technical expertise.

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