

Decision-making: Path to Effectiveness

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Abstract The emphasis is on investigating an aspect of managerial decision-making style with the potential to enhance managerial performance. In this context, it is important to examine the relationship between decision-making styles with conflict handling. This study focuses primarily on exploring the role of conflict management used in the organization as predictors of decision-making styles. The Data collected from 307 executives belonging to banking sector from West Bengal, India. The Data analysed using descriptive and simple regressions analysis techniques. Results suggest that conflict-handling style used in the organization in addition to decision maker's education and management levels are good predictors of decision-making styles in such an environment. Results also indicate that a tendency towards the analytical style prevails among managers. Further, the implication of the contribution made by this study to the body of management theory and practice discussed.

Keywords Conflict Handling Style, Decision-making Style, Managerial Performance

1. Introduction

The concept of decision-making competence investigated from different perspectives, using several methods of measurement. It is a curious fact that ability to take decisions is at the top of most senior executives' list of attributes for success in management, and those same people are usually unwilling to spend any time in developing this quality. Research over the past 30 years has revealed numerous ways in which the process of making decisions goes wrong, usually without our knowing it. In an increasingly complex working environment, decision-making has a major role to play in helping decision makers (or managers) to gain a greater understanding of the problems they face. Thus, decision style has been and probably will continue to be an important topic. It linked with a range of variables like individualism[1], attitude towards risk[1],[2], and managerial value systems[3],[4].

Most studies have focused on the immediate outcomes of the conflict, such as decision quality, satisfaction, or commitment to the solution[5],[6],[7]. When an individual work through conflicts, however, they do not simply resolve an immediate situation; they also establish patterns of behaviour that may apply in the future. These patterns seem likely to influence distal outcomes as well. This study determines how conflict management patterns influenced subsequent decision-making behaviour. The following

sections define our constructs and develop a hypothesis regarding the influence of conflict management styles on decision-making. Following this, we describe the methods used in the study and the results we obtained.

2. Literature Review

Managerial performance linked with decision-making capability and in order to perform effectively, managers need to possess ability to make correct decision that needed by the organization. The lack of decision-making ability among managers considered as one of the essential causes affecting the organization performance. The aim of this study is to explore the importance of decision style critical to the success of managers in effectively managing the interpersonal conflict.

In organizations, managers make a variety of decisions that will have a significant impact on their performance and success. Managers apply different decision-making approaches, as they have different styles of thinking about situations, and processing information. The interpretation regarding the relationship between decision-making and conflict handling style suggests directive style by all managers at all levels assuming no conflict. In the analytical style, there would also be no conflict. In the conceptual style, as well as behavioural style minimal conflict would occur. This, however, not confirmed as conflict may arise from various external variables and not only from decision-making styles.

2.1. Conflict Management Styles

Conflict defined as the behaviours' or feelings of

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interdependent parties in response to potential or actual obstructions that impede one or more of the parties to achieve their goals[8]. Conflict management is the ability to resolve conflicts between oneself and others, or the ability to resolve conflicts between people[9]. Conflict management styles are characterized by the general tendency for an individual to display a certain type of conflict behaviour repeatedly and across situations[10]. An individual's conflict style is a behavioural orientation and general expectation about one's approach to conflict[11]. This conception of conflict style does not preclude the individual from changing styles, but asserts that individuals choose a pattern of principles to guide them through episodes of conflict. These patterns of principles translated into actions and reactions that conceived of as a 'style'. A manager without experience and knowledge often creates unintended conflicts in haste within the organization.

In a variety of studies regarding conflict, the manner in which people manage it, has received an excellent deal of attention. People may have preferences for the certain styles, but not necessarily use the same style in every conflict situation they encounter. Individuals may adopt and enact different styles of conflict management depending upon the situation[12]. Studies also indicate that successful conflict management involves using specific styles to resolve conflict situations. The effectiveness of individuals perceived based upon which conflict management style they select[13]. It is found that an integrative conflict management style is generally perceived as the most appropriate and effective[14],[15]. The dominating style tends to be perceived as inappropriate, and the obliging style generally perceived as neutral. The avoiding style generally perceived as both ineffective and inappropriate. Finally, compromising perceived as a relatively neutral style.

2.2. Decision-Making Style

Decision-making is an influential process, where one's core values and beliefs are important and vital. Decision-making style generally conceptualized as a learned response through which an individual approaches important decisions [16]. Decision-making style is primarily a cognitive process that combines the mental activities of perception, information processing or cognition, that brings a manager close the problem and facilitates him to make judgment[17]. Reference[17] argues that different decision makers make different decisions because individuals use different methods to perceive information (cognitive complexity) and evaluate information (values orientation).

Decision style approach is a useful means of understanding managers, their ability to interact with others, their problem solving, and their decision-making in the organization[18]. Furthermore, decision-making style is an important work-related attitude that is crucial for managerial performance[1]. Reference[19] argues that the effectiveness of any organization depends, not solely on the technological efficiency of the organization, but a large extent, also on the

managerial approach to decision-making. Thus, decision-making is the most important functioning of the manager, upon that the success or failure of any organization depends[20]. As a result, decision styles and the variables influencing them have received considerable attention in the literature[1],[3],[4],[19],[21].

2.3. Influence of Conflict Management Styles on Decision-Making

Several studies have investigated the variables influencing the adoption of certain decision-making styles. When decisions involve open conflict, a conflict management style is likely to exert a direct influence on its decision-making. Additionally, conflict management patterns may exert two types of indirect influence on decision-making, even when that decision-making does not involve open opposition. First, several identical skills and operations concerned in managing conflicts come into play when decisions are made. Managers' must entertain alternatives, respond to others' objections, coordinate collective actions, and work out compromise positions among other behaviour. Second, conflict management style may affect relationships by influencing the communication climate.

Investigations of conflict during decision-making suggest some specific ways in which this relationship between conflict management and decision-making might occur. Reference[22] argued that a conflict managed effectively could improve decision-making by expanding the range of alternatives, increasing close analysis of decision options, fostering calculated risks and enhancing cohesiveness. Conflict results in dysfunctional behaviours' and low group productivity when managed ineffectively. The style of decision-making in an organization is the result of the complex interaction of several factors, together with the context and characteristics of the organization, the nature of the choices, and therefore the attributes and preferences of the decision-makers [23].

Thus, conflict management is of great importance in decision-making, because of members' competing interpretations be handled in a way that diverse perspectives are not suppressed, members' commitment is maintained, and group cohesiveness is built. These analyses suggest that both distributive and integrative conflict management styles will result in decision-making outcomes that are superior to those obtained with the avoidance style, because these styles surface various perspectives and interpretations, whereas avoidance does not. Also an integrative conflict management style ought to result in outcomes superior to the distributive style, because it involves more open discussion[22],[24] and cooperation among members[25],[26], which help them in synthesizing information to derive a common solution.

However, a review of literature indicates that there has not been any attempt to empirically investigate the role of conflict management styles used in the organization in particular as predictors of the decision-making styles, where today most of the organizations needs teams as task

interdependent is a dominant feature of today's workforce. Additionally, there has been disagreement among earlier studies with regard to two main problems, namely, predominant decision-making styles, and the variables influencing the adoption of certain decision-making styles. This would possibly indicate the need for further research to clarify such issues.

This study might be of considerable value for academics and practitioners alike. From an academic perspective it might increase our understanding of the nature and the scope of the impact of variables, especially conflict handling style used in the organization by managers' while decision-making, and in turn increases our understanding of management thinking and practices. In practice, this study might lead to better decision-making. Because of understanding, the role of conflict as predictors of decision-making style and in turn adopting the appropriate decision-making style which minimizes misunderstanding and misinterpretations between decision-makers and their employees, and therefore increases the effectiveness and the efficiency of the decision-making processes. The study also examines whether respondents using a particular conflict handling styles use a particular decision-making styles. Hence, the following hypothesis been proposed.

3. Hypothesis

Different form of conflict handling style related to different type of decision-making style.

4. Method

4.1. Sample

The sample consisted of 307 managers from top, middle, and junior managerial levels belonging to public and private banking organizations across West Bengal. Data collected through stratified random sampling procedure. A 600 survey instruments were distributed out of which 360 (60 percent) returned. Out of these questionnaires, 53 had to be rejected

because of high number of missing Data or show high response bias leaving an overall sample size of 307. The sample characteristics presented below. (see Table 1)

4.2. Measures

In order to measure the variables five point Likert scale used to maintain uniformity. The response scale ranged from 1 to 5 (1=Strongly Disagree to 5=Strongly Agree). The questionnaire administered for measuring variables in the study consisted of 29 items (excluding demographic items). Brief explanation and instruction provided for each scale. The items selected from standardized scales and few of them slightly changed according to the conceptualization of the variables and the requirement of the study. Item analysis done and item total correlated to see the relationship of the item with the total. It was decided to drop those items which were having $< .30$ correlation coefficient. A brief description of measures presented below.

Conflict Management - It was measured using 20 items scale having five dimensions, namely, compromising, avoiding, competing, accommodating, and collaborating [27]. Item analysis showed that 6 out of 20 items had very poor correlation (i.e. $< .30$) with the item total, and thus they dropped. Finally, 14 items retained. The Cronbach's alpha of this scale was .69.

Decision-Making Style - The scale used to measure decision-making skills/style of managers' consist of 9 items, which measured four style of decision-making, namely, directive, analytical, conceptual, and behavioural [28]. Since this variable measured on categorical scale, the Cronbach's alpha was not calculated.

4.3. Procedure

The Data collected from banking organization and responses obtained by structured interview schedule administered to the employees selected randomly from different departments/functional areas during working as well as off hours. The purpose of the research explained to the head of the functional areas and further employees assured anonymity and confidentiality.

Table 1. A Summary of Sample Characteristics

Items	Sample Size	%age	Mean (In Yrs.)
Age	307		38.64
Position	Top Level	55	17.90
	Middle Level	122	39.70
	Junior Level	130	42.30
Sector	Public	177	57.70
	Private	130	42.30
Duration with Present Employer	307		10.17
Duration with Present Career	307		11.19

Table 2. Preferred Decision-Making Style

Decision-making Styles	Overall Sample		Public Sector		Private Sector	
	Frequency	Percent	Frequency	Percent	Frequency	Percent
Behavioural	45	15	32	18	13	10
Conceptual	82	27	42	24	40	31
Analytical	141	45	80	45	61	47
Directive	39	13	23	13	16	12
Sample (Total)	307	100	177	100	130	100

5. Results and Discussion

The hypothesis postulated examined which type of conflict handling style is associated with decision-making style of the managers. First, the preferred decision-making styles of the participants examined across three samples (overall, public, and private). (see Table 2)

The result showed the analytical decision-making style the most preferred style of decision-making (i.e., around 45% of managers uses analytical decision-making style) followed by conceptual (27% of managers uses this style), behavioural (15% of managers uses behavioural style), and directive type of decision-making style (13% of managers uses directive style) while taking decisions on various issues related to their job. Whereas, the public sector managers also follow the same pattern of decision-making. However, it been found that in case of private sector managers they differed in their pattern of decisions making style. The private sector managers prefer analytical decision-making style followed by conceptual, directive, and behavioural. They give priority to directive type of decision-making skill, then using the behavioural type of style. The possible reason can be that the organizations are more concerned about the profit maximization, and give low priority to behavioural style of decision-making. Therefore, the results showed that 45% of managers in the public sector and 47% of managers in the private sector use analytical style to the greatest extent out of the four decision-making styles. However, the directive and behavioural style used least in both the organizations.

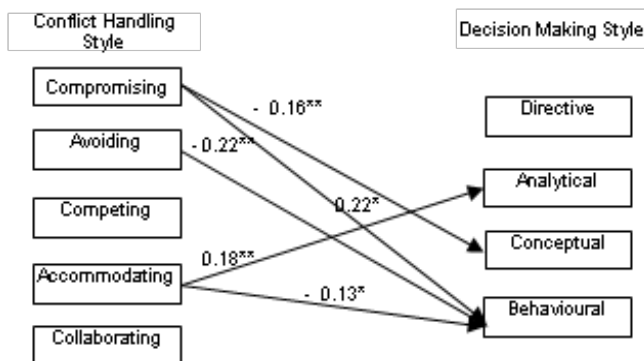


Figure 1. Path diagram showing conflict handling style relationship with decision-making style

Next, it examined, the extent to which conflict handling style is associated with decision-making style. The objective was to explore the strength of association between different

types of conflict handling style and decision-making style. A typology of conflict and a framework for studying its negative and positive aspects by demonstrating the connections between decision-making style and behavioural displays of conflict management was developed. In order to examine this, regression analysis conducted (see Figure 1).

The results showed that the appropriate mix of conflict handling style would enhance decision-making capability. If managers are conceptually strong in strategy planning, then they do not compromise even though there may be conflict in his view while taking vital decision in favour of the organization. However, if they adopt the compromising conflict handling style, then they go for behavioural decision-making strategy. Further, if they have strong analytical skills, then they adopt the accommodating style for handling conflict. Therefore, in order to be effective, managers need to have the capability of handling conflict while taking strategic decisions, which in turn will affect the organizational efficiency.

The path diagram (see Figure 1) shows individual differences in handling conflict while taking decisions. It said that managers who use accommodating style of conflict handling are highly susceptible to analytical decision-making. It further observed that conceptual decision makers were highly influenced by the compromising features of managers. This can be because high analytical individuals are less likely to be risk seeking, impulsive and workload tolerant and more likely to be performance goal oriented, learning goal oriented, and exhibit high need for cognition[29]. Further, the study shows that the use of one decision-making style over another can affect performance on some complex tasks. Therefore, high reliance on any particular conflict handling style related to decision-making is not always the best strategy and that there are individual differences in performance based on decision-making style.

People using the directive style have low tolerance for ambiguity and seek rationality. They are efficient and logical, but their efficiency concerns results in decisions made with minimum information and with few alternatives assessed. The analytical type has a much greater tolerance for ambiguity than do directive decision-makers. This leads to the desire for more information and consideration of more alternatives. Analytical managers would be the best characterized as careful decision-makers with the ability to adapt to or cope with new situations. Individuals with a

conceptual style tend to be very broad in their outlook and consider many alternatives. Their focus is long range and they are very good at finding creative solutions to problems. The behavioural style characterizes decision-makers who work well with others. They are concerned with the achievement of peers and subordinates and are receptive to suggestions from others, relying heavily on meetings for communicating. This type of manager tries to avoid conflict and seeks acceptance.

Earlier studies indicated that the variable influencing the adoption of certain decision-making styles depends on the individual's opinion and characteristics, and the patterns of organization. Further, the research shows that effective conflict handling style related to decision-making outcomes and productivity by increasing decision quality through incorporating constructive criticism[30]. In general, managing conflict to enhance effectiveness, require the use of integrating or problem solving style[31]. Collaboration is an excellent method to reach consensus on a conflict, however, it has not emerged as significant and related to any decision-making style. This may be due to the fact that as most of the managers found to be using analytical decision-making style. Further, collaborating style for handling conflict used only when those in the conflict already have healthy respect for and trust one another, and works well with people who have successfully worked together on problems in the past.

6. Conclusions

The results show that most of the conflict handling styles is associated with behavioural decision-making style. But, accommodating and compromising conflict handling styles have emerged to be the best in taking decision as they are positively related with analytical and conceptual decision-making style, and negatively associated to behavioural decision-making style. Since the managers are involved in making decisions and setting targets for their subordinates, if the relationship between them is good, it will not only benefit the employees but will also enhance their performance at the job.

Decision-making of managers makes the greatest contributions by generating solutions/decisions to issues for which there are no right answers for their organizations. Managers who use accommodating style of conflict handling adopt analytical decision-making style, as it is found that high analytical individuals are less likely to be risk-seeking, impulsive and workload tolerant and more likely to be performance goal oriented, learning goal oriented, and exhibit high need for cognition. Whereas, managers who use competing style of conflict management adopt behavioural style of decision-making in taking strategic decisions. This can be due to the working environment of banks, as they need to be logical in their work procedure and follow the accounting rules even under stress, and needs to solve problems by analysis and insight in their work. For this it

requires to adapt analytical decision as the results said that most of the managers use the analytical style of decision-making. Whereas, behavioural, directive, and conceptual type of decision maker adopt creative, focused, and emotional type of thinking behaviour while making decisions.

6.1. Implications of the Study

The findings reinforce the notion that decision-making ability possessed by the managers are crucial for organizations to be effective. Top management should ensure that managers possess appropriate skills and competencies required for effective decision-making. Further, the analysis provides a new insight to management of banking organizations. This will help them to find out which aspect(s) of managers' has taken care of in order to select, train, and develop them. Thus, identifying individual competencies will provide direction to the individual about the strength and weakness as well as providing accurate input data on talent into the organization's human resource information system.

6.2. Contributions of the Study

This study has met the challenge to advance knowledge about behaviour at work. This study reveals the importance of decision-making competence possess by managers in increasing effectiveness. Managers have long been designing organizations that have ignored the individual's potential competence, responsibility, constructive intent, and productivity. This does not exist only for the sake of the individual's survival, but also for purposes of continued growth and self-enhancement. Knowledge about handling conflict and adopting appropriate decision style will allow managers to take appropriate action to improve organizational design and human resource practices in banking organizations.

The use of categories to identify different types of decision-making style and its association with conflict handling style not studied in Indian banking organizations. It was surprising to find that managers do not use collaborating style to handle conflict, which was very much expected. Thus, it is a major finding, which contributes to the literature.

6.3. Limitations of the Study

Considering the exploratory nature of the study and the methodology used for the analysis of the data, the study has certain limitations.

All the data in the study were collected using self-reported questionnaires, using Likert type scale. This threat of validity called as mono-method bias. The problem in collecting such data using the same method and/or type of scale may give rise to individuals' tendencies to respond to similar types of measures in similar fashion.

Lack of generalizability due to data collected from a particular geographical region (Eastern part of the country) is another limitation that be taken care of by studying other

regions as well.

Further, limitation related to the population that surveyed. The region in which the respondents live might have influenced some of the responses, as India is a country with diverse culture. Thus, cross-culture variation in the perception of respondents might be there, which needs to be taken care.

6.4. Scope for Future Research

The findings from the present study replicated across the range of organizational settings. Without doubt, studying samples from diverse settings can make a significant contribution to further research in this area. In future, the study expanded by including variables such as organizational culture and emotional intelligence. It should attempt larger sample size, including greater percentage of responses from sectors like manufacturing and service.

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