DECISION-MAKING **STYLES**

Business Decision Making

THE STRUCTURE

- What is decision-making style?
- DM styles considering the number of people in DM process
  - Basic decision-making styles
  - Vroom-Yetton model of decision-making styles
  - Other …
- DM styles considering way of thinking of decision maker:
  - Robbins' decision-making styles
  - Scott&Bruce decision-making styles
- Assignment for points

WHAT IS **DECISION MAKING STYLE?**

- **behavior** of decision-makers in certain situations when the decision has to be made

  - Is s/he **including other persons** or the whole group to make decision, or s/he wants to make decision alone?

  - Is s/he using his/her **intuition** and **experience** when making decision?

  - Is s/he creating some kind of **rational or mathematical models** to support decision-making process?

  - How many **information** does s/he use?

  - Is s/he opened to **creativity** and making new solutions?

  - Is s/he **delaying** his decision or **delegate** it?

  - …

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DM STYLES | **THE NUMBER OF PEOPLE**

- Two basic styles: (1) **Autocratic** – one decision maker; and (2) **Democratic** – all members in the group contribute in decision-making process

- AUTOCRATIC STYLE is appropriate when:
  - You have greater expertise on the subject than others.
  - You are confident about acting alone.
  - The team will accept your decision.
  - There is little time available.

- DEMOCRATIC style is appropriate when:
  - You need information from others to solve a problem.
  - The problem can't be easily defined.
  - Team members' buy-in to the decision is important.
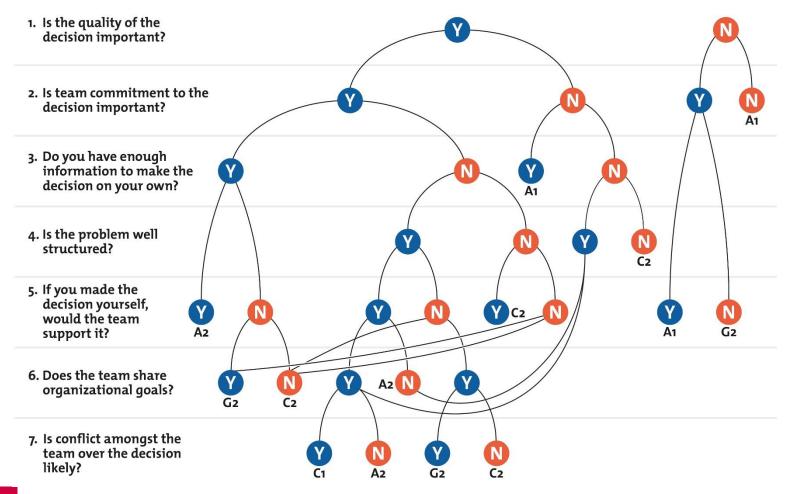 - You have enough time available to manage a group decision.

DM STYLES | **THE NUMBER OF PEOPLE**

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- CONTINUUM between two end-point styles -> **VROOM YETTON JAGO MODEL**

  - **Autocratic** (A1): You use the information that you already have to make the decision, without requiring any further input from your team.

  - **Autocratic** (A2): You consult your team to obtain specific information that you need, and then you make the final decision.

  - **Consultative** (C1): You inform your team of the situation and ask for members' opinions individually, but you don't bring the group together for a discussion. You make the final decision.

  - **Consultative** (C2): You get your team together for a group discussion about the issue and to seek their suggestions, but you still make the final decision by yourself.

  - **Collaborative** (G2): You work with your team to reach a group consensus . Your role is mostly facilitative, and you help team members to reach a decision that they all agree on.

1. Is the quality of the decision important?

2. Is team commitment to the decision important?

3. Do you have enough information to make the decision on your own?

4. Is the problem well structured?

5. If you made the decision yourself, would the team support it?

6. Does the team share organizational goals?

7. Is conflict amongst the team over the decision likely?

DM STYLES | THE NUMBER OF PEOPLE

- Two basic styles: (1) **Autocratic** – one decision maker; and (2) **Democratic** – all members in the group contribute in decision-making process

- CONTINUUM between two end-point styles -> **OTHER STYLES**
  - PSEUDO-CONSULTIVE or PSEUDO-COLLABORATIVE styles: creating a feeling of consultive or collaborative style. An individual already made the decision, but the goal is to present it as group decision. Decision maker is convincing others in his/her decision and tries to create the context in which they will confirm it and get the feeling that they participated equally in decision-making process
  - DELAYING – postponing the decision
  - DELEGATING – making other person in charge of the decision

DM STYLES | **THE WAY OF THINKING**

- Scott and Bruce

- **Rational** - deep search for information and logical evaluation of optional alternatives; Analytic, sequential information processing and systematic appraisal

- **Intuitive** - Strong reliance on emotions, presentiments, hunches, and gut feelings; Simultaneous information processing

- **Spontaneous** - Sense of immediacy and desire to finish the decision process as quick as possible

- **Dependent** - Extensive advice seeking, consulting, and directions from relevant others

- **Avoidant** - Attempt to escape the choice situation and thereby avoid or delay the decision

DM STYLES | THE WAY OF THINKING

- Robbins, Rowe

- P - **Directive** (Low ambiguity tolerance, Task focus): Directive individuals need and value structure. They prefer to make decisions based on clear, undisputed facts and impersonal rules and procedures. They trust their own senses and short, focused reports from others.

- A - **Analytical** (High ambiguity tolerance, Task focus): Analytically minded people can process ambiguity given enough time and information. They rely heavily on abstractions and instrumental logic, and tend to go over all aspects of a problem with a fine-toothed comb, carefully acquiring and organizing large amounts of data. They consider every aspect of a given problem, acquiring information by careful analysis. When presented, their solutions are comprehensive, detailed and very thorough. They may also be innovative if the analysis turned up novel information or supported novel reasoning.

- E - **Conceptual** (High ambiguity tolerance, Social focus): Conceptual decision makers are creative, exploratory, interested in novelty and comfortable taking risks. They are big-picture, creative thinkers who like to consider many different options and possibilities. They gather and evaluate information from many different perspectives, integrating diverse cues and passing intuitive judgments as they work to identify emerging patterns.

- I - **Behavioral** (Low ambiguity tolerance, Social focus): Behavioral decision-makers focus on the feelings and welfare of group members and other social aspects of work. They look to others for information, both explicit information in what others say and implicit information sensed during interactions with them. They evaluate information emotionally and intuitively.

ASSIGNMENTS FOR POINTS

- Identify your dominant decision-making styles (Bruce & Scott and Rowe) – two instruments are provided on LMS

- **Analyse your dominant styles (both results – Bruce&Scott and Rowe)**
  - Please, list at least three advantages of your dominant styles
  - Please, liest at least three disadvantages of your dominant styles
  - Please, give concrete example (describe the context) of problem when your dominant style is good to use
  - Please, give concrete example (describe the context) of problem when your dominant style is not good to use. In addition, identify which of other styles would be more appropriate