

# Decision-making Process in Manager's Work

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**Abstract:** the article deals with the decision-making process in the efficient operation of a manager. The author presented a model of the decision-making process focusing on managers who nowadays will have to make more and more difficult strategic decisions.

**Keywords:** art, economic development, finance, logistics, resource-based view.

## 1. INTRODUCTION

Decision-making is very popular in contemporary organization and management theory, as well as in a number of other disciplines. Making the right decisions is a skill that is important for the right organization, so you don't need to convince anyone of the importance of a good decision today.

For most of our lives, we are members of some social institutions - school, university, workplace, associations or religious associations. No organization can function without an approved action plan, a plan that is extremely important to achieving its goal. To help organizations achieve their goals, each needs an energetic, inspiring, agile and effective manager whose primary task is to lead, organize, plan and ultimately make decisions.

## 2. MANAGER'S MAIN TASKS AND RESPONSIBILITIES

Regardless of where the manager works, he or she is expected to get the job done. The main task of a manager is to ensure that his employees achieve good results. In order to meet this obligation, a modern manager takes responsibility not only for his own work, but also for the work of others. Thus, it can be assumed, following A. Poczowski, that managers are persons professionally involved in managing various types of organizations or their parts<sup>1</sup>.

The ideal manager is today ascribed various positive qualities<sup>2</sup>:

- high professional qualifications,

<sup>1</sup> Poczowski A., *Zarządzanie zasobami ludzkimi*, Polskie Wydawnictwo Ekonomiczne, Warszawa, 2007, p. 356

<sup>2</sup> More: Penc J., *Kreowanie zachowań w organizacji. Konflikty i stresy pracownicze, zmiany i rozwój organizacji*, Wydawnictwo Placet, Warszawa 2001, pp. 78-84.

- system thinking skills,
- the ability to communicate and understand people,
- direct, courageous involvement in problems,
- ability to act under external pressure,
- patience, persistence and persistence in achieving the set goals.

Every manager does many things. The tasks and services they perform are specific, different from those performed by other members of the organization<sup>3</sup>.

Firstly, a manager *sets goals*. He/she defines what should constitute them. Also, he/she defines fragmentary goals for each domain of goals as a whole. A manager decides what to do to achieve them. He/she makes goals effective, provides information about them to people whose performance depends on their achievement.

Secondly, a manager *organizes*. He/she analyses the necessary actions, decisions and relationships, classifies work and structures. He/she divides it into managed activities, and then breaks down these activities into managed job-related tasks. A manager groups these organizational units and tasks into a work structure. He/she selects people to manage these units and the tasks that need to be performed.

Thirdly, a manager *motivates and informs*. He/she creates a team from people responsible for the tasks, and does this through proper management practices. He/she does this through the relationships of the people he/she manages. A manager does this by means of incentives and rewards for successful work, through his/her promotion policy, and through a system of constant mutual communication with one's subordinates.

The fourth basic element of a manager's job is the *measurement task*. He/she sets assessment metrics and ensures that everyone in the organization has access to metrics that are focused on the performance of the entire organization and, at the same time, on their own work, and are helpful in carrying it out. A manager analyses performance, evaluates and interprets it, and informs subordinates and superiors about the content of measures and the results of its analyses.

Fifthly, a manager *develops people*. Depending on the way he/she deals with it, it will be easier or harder for people to develop. A manager gives them direction or leads them astray. Brings something out of them or smothers them, strengthens their righteousness or corrupts them, teaches them to be straight and tough or deforms them.

Each of these activities is very difficult and complex. It ranges from setting goals to working with your team. It consists in motivating, developing and informing until a decision is made on the method of implementation aimed at achieving the assumed goal. It also requires different skills and qualifications from the manager. While performing their tasks, managers fulfil various roles in the organization. They are<sup>4</sup>:

- interpersonal roles,
- information roles,
- decision-making roles.

These roles are presented in Figure 1.

<sup>3</sup> Drucker P. F., *Praktyka zarządzania*, MT Biznes, Kraków 1994, p. 368.

<sup>4</sup> Penc J., *Kreatywne kierowanie organizacją i kierownik jutra rozwiązywanie problemów kadrowych*, Wydawnictwo Placet, Warszawa 2000, p. 189.

### Manager's Roles

<u>Informative Roles</u>	<u>Decisive Roles</u>	<u>Interpersonal Roles</u>
Searching for information necessary for managerial activities, disseminating information among members of the organization, sending information about the company to the external environment	Analysing the company's development opportunities, introducing changes, responding to conflicts, eliminating negative phenomena in the company's operation, setting priorities, representing the company in negotiations	Representing the organization inside and outside in various ceremonies, leading, managing, motivating, maintaining relations between the company and the external environment

Fig. 1. Types of managerial roles

Source: own study based on Penc J., *Creative management, organization and manager of tomorrow, solving staffing problems*, Placet Publishing House, Warsaw 2000, p. 189

The analysis of the roles presented above shows that a manager is expected to perfectly fulfill the role that derives from his/her function. Often the unexpected changeability of the situation requires the manager to take action adequate to the existing reality. Therefore, he/she must be able to adapt to change and be able to cope with different circumstances.

### 3. MANGER'S BASIC SKILLS

Since the manager's role in the organization has been emphasized, the skills that should be demonstrated by managers in order to effectively fulfill their managerial roles cannot be ignored. In the management literature, four basic skills are brought to the fore, which include<sup>5</sup>:

1. *Technical skills* - related to the knowledge of the work process, necessary to perform tasks in a given organization using appropriate technologies.
2. *Interpersonal skills* - the ability to establish contacts, understand, motivate, fairly assess employees.
3. *Conceptual skills* - requiring abstract thinking, recognizing the complexity of a situation, strategic thinking and acting skills.
4. *Diagnostic and analytical skills* - consisting in analyzing and diagnosing problems and allowing to design adequate solutions, the most appropriate reaction in the situation and taking reasonable decisions.

Effective leadership requires a manager to have demonstrated skills. However, it should be noted that the range of skills is distributed differently for managers, depending on the level held in a managerial position. Thus, at the highest level of management - top management - conceptual, diagnostic and analytical skills are dominant. Technical skills play a minor role in this case. At the middle level - middle management - all these spheres are more or less on the same level. On the other hand, at the lowest level - lower supervision, control - technical skills are predominant, and when it comes to conceptual and analytical skills, their role is symbolic.

<sup>5</sup> Cf. Griffin R. W., *Podstawy zarządzania organizacjami*, Wydawnictwo Naukowe PWN, Warszawa 2007, pp. 20-26; Penc J., *Kreatywne kierowanie...*, p. 194; Stoner J. A. F., Wankel Ch., *Kierowanie*, Polskie Wydawnictwo Ekonomiczne, Warszawa 1997, p. 36

#### 4. DECISION-MAKING AS A BASIC MANAGERIAL FUNCTION

As mentioned before, the role of managers is primarily to achieve results. Therefore, they have to deal with unexpected events and circumstances. Oftentimes, they have to rely on their own resources to get their job done. They include experience, expertise, skills, competences and time, and each of these resources must not only be used to guide work and motivate people, but also to understand situations and issues, analyze, define problems and make decisions<sup>6</sup>. This is confirmed by the conclusions of the research carried out by the Gdańsk Foundation for Management Development in mid-2018. The survey was conducted on a selected group of managers and aimed at obtaining the opinion of respondents on the evaluation of key managerial competences in the future (over five years from today) in comparison with the key competences at present<sup>7</sup>. The participants in the survey were asked the question: "Assess competences important for the manager working now and, in the future." The results of the research on the assessment of the importance of competencies have shown that the most important managerial competencies at present include: the ability to act under pressure, assigning priorities to tasks and *the ability to make decisions*. According to the forecasts of the survey participants, the most important competences of the manager of the future in at least 5 years will be: quick response to change, readiness to continuous learning and invariably - *the ability to make decisions*.

The results of the research reveal a picture of competences that arouse the greatest interest both on the day of research and in the future. These are definitely decision-making skills. Competence - *the ability to make decisions* - came third in importance in both "today" and in the future.

The results of the competency research of managers working in Lower Silesia, conducted by in Quest Sp. z o.o., are similar. The analysis of the key management competencies for the company's success showed that management (71.63%) and unquestionably decision-making (70.78%) are the competencies that are rated the highest<sup>8</sup>.

Strictly speaking, a constructive manager must be dynamic, intelligent and articulate, have teamwork skills and a sense of management techniques. Demonstrate a willingness to personally engage, take initiative and properly assess yourself, your strengths and weaknesses. He must make decisions quickly and be responsible for their consequences. Bearing in mind the manager's features and skills presented in this article, it should be stated that making decisions is the basic function of a manager.

#### 5. MAKING MANAGERIAL DECISIONS

Making decisions, like speaking in prose, is one of the most characteristic human activities. It consists in selecting a specific action from a set of actions that can be implemented in a situation that requires solving a problem. The concept of "decision" is defined by many authors and in many ways. One of them is the definition developed by A. K. Koźmiński. The author believes that this is a deliberate, non-random selection of one of the recognized and considered possible variants of future action<sup>9</sup>. Decision making is the process of choosing an action as a way to solve a specific problem. Very often, authors distinguish between making decisions and making a choice and solving a problem<sup>10</sup>. Making a choice means a limited range of activities related to

<sup>6</sup> Armstrong M., *Vademecum jeszcze lepszego menedżera kluczowe techniki i umiejętności menedżerskie od A do Z*, Wydawnictwo Rebis, Poznań 2018, p. 15.

<sup>7</sup> <https://gfk.com.pl/aktualnosci-artykul-kluczowe-kompetencje-menedzera-przyszlosci/>, access on: 26.05.2021

<sup>8</sup> <https://www.inquest.pl/realizacje/badania-kompetencji-menedzerow/>, access on: 26.05.2021

<sup>9</sup> [https://pl.wikipedia.org/wiki/Podejmowanie\\_decyzji](https://pl.wikipedia.org/wiki/Podejmowanie_decyzji), access on 22.05.2021

<sup>10</sup> Ścibiorek Z., *Decydowanie podstawową funkcją zarządzania*, Wydawnictwo Adam Marszałek, Toruń 2021, p. 4.

choosing one from a set of many possibilities. Therefore, the choice itself is only a part of the decision making. The solution to the problem refers to a wide range of activities related to finding and implementing the course of action leading to the correction of an unsatisfactory situation<sup>11</sup>. In practice, many managers use the terms decision making and problem solving interchangeably.

All decisions should be effective, efficient and rational. To achieve this goal, they should be the result of a decision-making process, so it is reasonable to analyse views on this subject. The authors distinguish four, five or even six stages in the decision-making process. R. In Griffin, he defines the stages in the decision-making process as<sup>12</sup>:

- getting to know and defining the essence of a decision-making situation,
- highlighting various possibilities,
- choosing the best one,
- its implementation.

J. A. F. Stoner and Ch. Wankel believe that solving problems according to the decision theory consists of five basic steps<sup>13</sup>:

- diagnosis of the problem - before you can start solving the problem, you need to identify its main elements,
- problem formulation - after identifying the main elements of the problem, start formulating the problem, in particular, define the criteria to be met by the proposed solution and define the aspects of the problem that are not under the manager's control
- model construction - various possibilities have to be explored to find the best solution; building a model expressing the interdependencies between the elements of the problem is to enable any change in the values of the controlled variables without interfering with the work of the organization,
- model analysis - the combination of values that best meets the goals is a solution to a specific problem,
- implementation of the solution.

Most interestingly, the elements of an effective decision-making process are presented by P. F. Drucker, the master and authority of management science. This undisputed spiritual leader of modern managers believes that the really important elements of an effective decision-making process are<sup>14</sup>:

- realizing that the problem is general in nature and can only be solved by a decision that establishes some rule, some principle,
- defining the specific conditions that the solution of the problem must meet, i.e. "boundary conditions",
- Consider what is "right", i.e. what solution meets all these specific conditions - before paying attention to the compromises, adjustments and concessions necessary to make a decision acceptable,
- embedding actions to implement it in the decision,
- "feedback" that allows you to check the accuracy and effectiveness of decisions in the light of current events.

In each of the views presented, there are always common features:

- In order to come to the definition of the problem, it is necessary to start with finding the *critical factor*.
- Work out *variants* of solutions for each problem.

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<sup>11</sup> More: Stoner J. A. F., Wankel Ch., *Kierowanie...*op. cit., p. 121.

<sup>12</sup> Griffin R. W., *Podstawy zarządzania organizacjami...* op. cit., p.282; Cf.Ścibiorek Z., *Podejmowanie decyzji*, WydawnictwoUlmak,Warszawa 2003, p. 127; Cf.Kuc B. R., Żemigala M., *Menedżer nowych czasów. Najlepsze metody i narzędzia zarządzania*, Wydawnictwo Onepress,Gliwice 2012, p. 22,

<sup>13</sup> Cf. Stoner J. A. F., Wankel Ch., *Kierowanie...*op. cit., pp. 147-148.

<sup>14</sup> Drucker P. F., *Menedżer skuteczny*, MT Biznes, Kraków 1994, p. 138.

- *Implement*, make decisions in action.

The above means that before trying to solve a problem, it is necessary to first identify it, which means that you need to know the problem situations and isolate those that need a solution. Knowing and finding the problem is therefore the basis for effective managerial decisions. In order to be able to choose an action variant, a manager must look for rational solutions to emerging problems that ensure the achievement of the intended goals of the system. Only having a few, prepared and properly motivated solutions, can, on the basis of the adopted assumptions, choose the best course of action, and thus make a decision.

However, making decisions is neither easy nor risk-free<sup>15</sup>. Today's world is a fast progress that makes itself felt at every step, in almost all areas of activity. If we overlay all of this with unstable political systems, changes in human behavior, dynamically developing and rapidly declining enterprises, omnipresent competition and often a ruthless race for profit, we have real conditions for the functioning of modern organizations<sup>16</sup>. All this means that modern institutions operate in two dimensions of time at once: in the present and in the future. Most of the time tomorrow is created irreversibly. Therefore, managers always need to manage both today - in the realm of critical issues - and tomorrow<sup>17</sup>. When making decisions today, managers must ask themselves what actions they will take in the future and what goals they will want to achieve in the future.

There are various approaches to the classification of decisions in the literature. The most frequent systematization of types of decisions classifies them depending on the manager's knowledge of the situation, distinguishing decisions in a situation of *certainty, risk and uncertainty*.

Making decisions under conditions of certainty is in situations where the decision maker knows what will happen in the future, i.e. situations where the results of alternative actions are known to the decision maker with certainty<sup>18</sup>. Under conditions of certainty, there is precise, measurable information on which to base a decision. It is much more difficult to make decisions under the conditions of risk and uncertainty, so when the possibilities of prediction are small or very weak.

In modern organizations, most important decisions are made under conditions of uncertainty. As J. Penc notes, the uncertainty of undertakings, which is the opposite of certainty, does not equal risk. Risk occurs when at least one of its components is unknown, but the probability of its occurrence and the probability of each possible outcome are known<sup>19</sup>. It is this element that distinguishes risk from uncertainty. When making decisions, managers must take into account various types of risk: legal, economic or personal. Manager's risk is a permanent element of his work. A modern manager cannot avoid the risk, on the contrary, he should take it in order to multiply the benefits. However, its operation should take place in the sphere of acceptable risk. This means that the manager should know the limits of gambling and be aware that not taking risk is often more risky than taking, because the development of a modern enterprise is increasingly dependent on the ratio of its own volatility to the volatility of the environment<sup>20</sup>.

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<sup>15</sup> Ścibiorek Z., *Decydowanie podstawową funkcją zarządzania...* op. cit., p. 86.

<sup>16</sup> Ścibiorek Z., *Uwarunkowania procesu decyzyjnego w niemilitarnych zdarzeniach nadzwyczajnych*, Wydawnictwo Naukowe PWN, Warszawa 2018, p. 116

<sup>17</sup> Drucker P. F., *Zarządzanie w czasach burzliwych*, MT Biznes, Kraków 1995, p. 47

<sup>18</sup> Cf. Tyszką T., *Analiza decyzyjna i psychologia decyzji*, Wydawnictwo Naukowe PWN, Warszawa 1986, pp. 49-50.

<sup>19</sup> More: Penc J., *Decyzje w zarządzaniu*, Wydawnictwo Profesjonalnej Szkoły Biznesu, Kraków 2000, pp. 162-164

<sup>20</sup> Penc J., *Decyzje w zarządzaniu...* op. cit., pp. 162-164.



Uncertainty, on the other hand, is completely different from risk. It means a situation in which the probability of possible consequences of the actions considered cannot be determined. Like risk, uncertainty can be subjective as well as the degree of openness of the company to changes that occur in itself and the surrounding reality. Managers, in order to be able to make effective decisions in these conditions, must obtain as much information as possible and address the problem in logical and reasonable. Experience, accuracy and intuition play a large role in making decisions in conditions of uncertainty. However, it should be remembered that a decision made intuitively is always uncertain.

We live in a dynamic, ever-changing reality in which people face numerous problems and barriers every day, which also translates into the decision-making process. Making decisions always encounters difficulties<sup>21</sup>, both internal, resulting from the manager's personality and preparation, and external (legal, financial, technical, etc.). Managers, if they are to make decisions efficiently, must know and be able to overcome the obstacles they will encounter. In the literature on the subject, various obstacles to effective decision-making are encountered. The most important of them include<sup>22</sup>: relaxed avoidance, relaxed change, defensive avoidance, "managerial" ambitions, emotions, which are usually a bad adviser, and stress.

Today we operate in an era of potential instability, in which the ability to anticipate change seems to be the primary role. The time of the Covid-19 pandemic has shown that functioning in the remote work system is a very big challenge in the decision-making process<sup>23</sup>. This area covers several issues that cause particular difficulties: work organization, assigning tasks to employees, motivating them and making them accountable in such a system.

## 6. CONCLUSIONS

A manager acts by making decisions. It happens very rarely that a decision is born in the mind of a manager unexpectedly, by accident, without preparation. It is usually preceded by a number of dilemmas, a number of obstacles, and a number of activities aimed at finding out about the current situation. The essence of making decisions in a manager's work lies in the fact that the manager, being aware of the choice of action, is forced to decide, what is the most important, why he chooses and predict the effects of his decision.

There are many visions of a manager of the future in the management literature<sup>24</sup>. Regardless of them, it can be assumed that an effective manager is a professional with leadership qualities and a vision of action. Ready for continuous learning and quick to react to changes. Consistently striving to achieve the set goals, who has the ability to act under pressure and the ability to make decisions. A creative manager knows when a decision should be based on firm rules and when it must be made pragmatically on the basis of facts. Making decisions

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<sup>21</sup> Ścibiorek Z., *Decydowanie podstawową funkcją zarządzania...* op. cit., p. 166.

<sup>22</sup> More: Stoner J. A. F., Wankel Ch., *Kierowanie...* op. cit., p. 137, Penc J., *Kreatywne kierowanie ...* op. cit., pp. 69-70

<sup>23</sup> More: Report "Development priorities for managerial staff in the new reality. Nationwide HR survey". The research was conducted at the turn of August and September 2020. Over 100 largest companies in Poland participated in the research, and the answers were provided by Directors, Managers and HR Experts responsible for the development of managerial staff. The aim of the study was to find answers to the questions: what leadership competencies are key nowadays, what is the level of these competencies among management staff and what are the main development priorities for managers in the near future <https://talentdevelopmentinstitute.pl/wyniki%20badan/>, access on 26.05.2021

<sup>24</sup> The subject of the manager of the future is covered, among others, in the publications of: P. F. Drucker, J. Penc or M. Armstrong

quickly is important, but not the most important thing. The key element is the correct definition of the problem and diagnosis of all its aspects.

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