

Implementation of Decision Making in Business Model – Review

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Abstract : *The decision making process is important as a function of numerous social and personal characteristics. Conformism, as a form of behavior in groups and teams, has both positive and negative effects on the decision-making process. Negative aspects are manifested through individual adjustment to other people, even at the cost of losing personal identity. Positive aspects are reflected in a faster and more integrated functioning. This paper examines the social preconditions of conformistic decision-making and the consequences that such decisions have on work performance*

IndexTerms - *Decision making, conformism, decision makers and business.*

I. INTRODUCTION

Decision-making is the most important segment of everyday business reality. The ways in which business decisions are made, determine the performance of business processes to a large extent. However, decision making in a group context represents far more complex behavior, that is burdened by one of the most interesting phenomena - and it is conformism. Conformism can be perceived as a change in one's behavior toward real or imagined behavior of other people, whether it's a belief that what they are doing correctly, or because other people are considered better informed or better positioned. Conformism arises as a need for acceptance of social norms of a group, whether in terms of behavior, beliefs or values (Miller and Davis, 1996).

When it comes to decision-making, conformism usually occurs in situations where the need to be accepted by the group is a dominant need. In situations where there is a need to establish the best decision, or the best solution conformism is much rarer (Quinn and Schlenker, 2002). In a business culture in which conformism and obedience are expected behaviors, management is often established by manipulation. Reasons why conformism can be found in business decisions making, lies in the need for acceptance by other people, as opposed to those who reject conformism and who therefore are not so often accepted (Kruglanski and Webster, 1991). According to the theory of the expected benefits (Morgenstern and Neumann), the decision-makers behave in accordance with the rational prediction of outcome for certain activities, so this type of decision maker often behaves as a conformist. Consideration of the role of accuracy in solving problems or troubleshooting is also an important factor of social influence, and it is often expressed in business situations that are unclear, ambiguous. In such situations, but also in different important situations for the individual, it is much more likely that the opinions of others are adopted. On the other hand, in the decision-making processes and phenomena, paradoxes (for example Allais and Elsborg paradox) are also quite often. Studies emphasize the importance of non-conformism of the employees in the organizational culture (Hofstede, 1986). Research of group thinking and decision-making indicate that many business decisions are burdened with prejudice and ignorance and that is essential for decision making in a group of people - style of management.

II. DECISION MAKING IN ORGANIZATIONS.

Never did people have so many choices as today, it could be said that their organizations had never been better. However, a large number of opportunities leads to indecisiveness, and therefore decision-making is more than ever a topical issue. With decision-making we encounter every day, both in professional (job), and private (individual or family) life. Decision-making is as old as human society. Deciding as a conscious and thought process develops from the time in which man begins to live from his work and develop his spiritual life. Decision-making is a process which is closely connected with all management functions and processes in management. As an inseparable segment of each management activity, quality of decision-making greatly affects the quality of execution of tasks and organizational development. The decision making process consists of a series of activities aimed at the choice of the available or possible options in the search for optimal solution of the problem. From the standpoint of an individual, to make a decision about anything, most frequently, is associated with feelings of insecurity. Decision-making is a dynamic process that takes into account the relevant starting points of many disciplines, such as psychology, sociology, organization, statistics, philosophy, etc. Therefore, it should be seen in an interdisciplinary context, which has behavioral and quantitative characteristics. The expectation of the results or consequences of a decision is a function of all mental processes and is associated with motivation of decisions maker, valuation, belief, his personality traits, attitudes and feelings. On the other hand the interests and goals of the organization are another determining factor in the process of making business decisions. By making some important decisions we're trying to, bluntly said, eliminate the source of dissatisfaction or to achieve certain satisfaction with the result which we have chosen. Whether we followed a reactive way of solving problems in the sense of moving away from what represents a problem for us, or that our driver has proactive nature and pulls us toward a goal that we hold dear, decision-making is one of the most complex problems in the organization.

III. MANAGERIAL DECISION MAKING IN MODERN BUSINESS

Every human activity is the result of a previous decision-making process, in the case it does not represent the process itself. Decision making is the process of resolving the identified problem, it can last longer or shorter time, depending on the complexity of the problem, and ends with the adoption of the decision, which is the result of choices among multiple options (Beyth-Marom et al., 1993). Making a decision means choosing between options (also called alternatives). In order to make a sensible decision, the attractiveness of these options has to be assessed (Heerkens et al, 2011). The process of making decisions has emerged as one of the most important theme of strategy research over the last two decades (Papadakis, 2006; Papadakis&Barwise, 2002). Decision making refers to the mental (or cognitive) process of selecting a logical choice from the available options. In other words, it implies assessing and choosing among several competing alternatives (Swami, 2013). When trying to make a good decision, a person must weigh the positives and negatives of each option, and consider all the alternatives. For effective decision making, a person must be able to forecast the outcome of each option as well, and based on all these items, determine which option is the best for that particular situation. Thus, every decision making process produces a final choice. The output can be an action or an opinion of choice (Reason, 1990). Decision-making is a dynamic process, and it is a generic term for all forms of activities of the organization. Managers frequently have to make complex decisions (Gilmore and Pine, 1997, Lampel and Mintzberg, 1996 and Anderson et al., 1997). When deciding relevant starting points of many disciplines are taken into account, such as psychology, sociology, organization, statistics, philosophy and so on. Therefore, it should be seen in an interdisciplinary context, which has behavioral and quantitative characteristics. The requirement for high-quality realization of the vision, mission and goals of the organization is compliant management of all work processes. At the same time, their implementation involves the formation and successful elimination of problems, as a source of instability in the organization, and are thus logical management activities aimed at detecting and eliminating factors of instability, which creates conditions for the exercise of effective leadership, and therefore the decision-making process. In recent decades, in more complex business conditions and increased uncertainty, the importance of quality decision-making gets its confirmation by emerging of new profession - managers, whose essential task is making decisions. It follows that a good manager is, in fact, a good decision-maker.

A reliable way for managers to improve or correct their way of decision making, is to become familiar with the two basic theories: normative and descriptive decision theory (by Suhothen, 2007). Normative theory arose in the economy in the mid 20th century and deals with the ideals and principles of good and rational decision-making. In addition to precise misconduct in a perfectly rational decision-maker, who is preoccupied solely by increasing the profits, normative theory contains a number of methods of decision-making. Descriptive theory emerged in the '70s of the last century. In the beginning it was related to normative theory, but later on it spread to the observation, analysis and theoretical interpretation of the actual procedures of choice-making. Since decision not only affects the organization in which they are taken but also the society, it is not surprising that decision-making process has been heavily researched (Amason, 1996). One stream of these researches has focused on the decision-making process and factors influencing the process. (Dean & Sharfman, 1993; Priem et al., 1991; Van Bruggen et al., 1998; Smith & Hayne, 1997; Papadakis et al., 1998). More than five decades after the seminal works on how individuals process information and make decisions within organizations were published (Cyert & March, 1963; Simon, 1957), the thesis that individuals, groups, and organizations are bounded in their rationality and ability to attend to information continues to remain salient. Individuals and organizations display cognitive and motivational biases, both in their attention to information and in their decisions based on that information (De Dreu, Nijstad, & van Knippenberg, 2008; Ocasio, 2011; Tversky & Kahneman, 1974). The nature and volume of information, and managers' behaviors in seeking and using information, have undergone massive transformation over these past 50 years, which have seen the emergence of electronics, computers, and the Internet. Advances in information technology, mobile communications, and big data collection and storage mean that more people and firms have access to more information than ever before (George, Haas & Pentland, 2014; Hilbert & Lopez, 2011). Yet, our frameworks of attention and decision making have not seen corresponding radical shifts. Perhaps, the underlying processes of decision making remain the same despite the transformative change in context. Alternatively, it is plausible that our theoretical advances have not matched the speed of change in information contexts confronted by businesses and policymakers alike. The growing ubiquity of information provides unprecedented opportunities - for learning, creativity, and innovation, as well as for performance. Understanding how to leverage these possibilities becomes an important challenge for management research and decision (Knippenberg et al., 2015). In the vague terms of business there are no standard procedures and rules and earlier forms of managerial behavior can not be applied, but it is necessary to conceive new models of decision-making in organizations, which will be in line with the new requirements of doing business in the modern world. Decision making is regarded as the most important process among the management processes (Gulkan, 2008).

IV. CONFORMISM AND DECISION MAKER

In the process of decision-making an essential role belongs to decision makers. When considering only the role of decision-makers in the business, certain rules of behavior process are observed. One type of behavior is repeated often, as a function of situational and personal factors of influence. Conformism represents the specific behavior, related to social communication that greatly depends on the general and group-social norms with which individual identifies itself. Personal factors that affect the conformist behavior are different. Conformism in decision-making is more prone to individuals who are not intellectually and emotionally mature, who are insecure and often with authoritarian personality structure. Also, conformism is inclined by individuals who have unmet, but expressed needs for belonging to a group, for acceptance by other people, as well as the passive personality structure. Of course, that preference for conformism or non-conformism will depend on the nature of the problem that requires the adoption of certain decisions.

In situations in which decision-making needs a large amount of knowledge and information, conformism is a common option. However, in situations where is expected more innovation and originality in making the decisions, the dominant phenomenon

is non conformism. Individuals who are able to make decisions independently and not under the pressure of the environment in business decisions are usually have the following personality traits: high intelligence, originality, personality inner strength and self-confidence. Decisions related to personal problems are more often influenced by conformism than business decisions. One of the reasons is the fact that the problems resulted as the difference between the required and available knowledge, and the decision is often based on semiknowledge and half-truths, thus an individual faster bows to conformist reaction. The fact is that decisions are made mostly on a limited rationality, and that they are generally satisfactory, but rarely optimal and fully functional. For such decision-making process not only conformism is responsible, but many other socioeconomic factors that can not be immediately identified in the decision-making process. Research and surveys show that individuals who are in the middle of sufficiently specific, ambiguous situation, are much more influenced by the opinions of other people, compared to when the situation for the individual is clear and certain. Of great importance for the conformism in the decision making process are the characteristics of certain cultures. Thus, in less developed societies, with collectivistic cultures, in societies in which the support and rely on each other is much more pronounced, the degree of conformism is much higher.

V. RESULTS AND CONSLUSION

We can agree with many authors who feel that the amount of knowledge about an issue is the key factor for non-conformist decisions. In the business world functional decisions are not burdened by conformism in the classic sense of the word. But very often business decisions are made in the context of social pressures, particularly in developing countries and in countries in which the deficiencies of organization and management reflect on all levels of business, primarily through the decision-making process. Since both analyzed phenomena are very complex and depend on many factors, there is no unambiguous explanation or law that apply always and in all circumstances. However, it is important to have the necessary knowledge of both processes in order to reduce their mutual influence and to foster independence, as one of the most important characteristic of the decision-making process.

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