MANAGERIAL DECISION

A MORAL AND A PSYCHOLOGICAL POINT OF VIEW

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(Received 9 March 2018, revised 16 March 2018)

Abstract

This paper aims to present a perspective about the implication of morality and psychological processes in the managerial decision. Several studies aimed to highlight the importance of human factor in taking decisions, from a psychological and moral perspective. Managerial decision is the most important activity of the manager, and the study of the factors involved in this process is a necessity of the researchers to know more about this topic. On the other hand, it’s impossible to separate the decision from psychological processes involved, or to understand it without these; but can we say the same thing about morality in taking managerial decision?

The article develops a scientific perspective from authors that have been writing on this topic, and to put forward some guidelines concerning the following question: how psychological processes and morality are involved in decision making process? Understanding the presence of these factors in managerial decision offers a new perspective about it, and opens new research directions, necessary for a good and real deepening of this subject.

Keywords: managerial decision, moral, psychological process

1. Introduction

All manager’s work dignify him being the central actor of Management, the principal player of the organisation, the conductor and the most important link for success of these, a ‘maestro’ who must find the most plausible ideas and actions for his team, the eternal researcher of the best results, having his own style. The success of the company is depending on his manner of taking decisions, especially strategic decisions needed. The best definition of manager is strongly related to the decisions he takes in the organization. A great number of authors indicate the role of the decision in manager’s activity, and underline the importance of it in Management and organization, using suggestive words on this line. Nevertheless, from all the definitions of the authors trying to overtake as deep as possible the essence of managerial decision, Steward had written the most

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beautiful aspect [1]. In that direction, he has seen it as nothing but „the essence of Management, its place being in the heart of every leader”.

The authors from specific literature present the managerial decision not only as a simple process, but very strong linked to different factors that influence the final configuration of it. Any decision is taken based on variant theoretical and practical knowledge, attending to past experience, considering some aspects connected with organization’s strategy, following to obtain a good result in a short time. All these factors prove that managerial decision is a very complex process and show its importance in manager’s activity.

2. Main part

2.1. Managerial decision – a moral point of view

Morality deals with humans and the way they act with the others from the smallest to the biggest. It is the result of our behaviour, and everyone is judged by it. It is our signature to present others our concept about what is important for us, and also what we value in our life. Of course, there are a lot of different perspectives about morality, for example, what does a moral act mean for one person, for other can be a normal one. It is an emphatic proof that, almost every action we take can be interpreted from a moral point of view, and this may include us in a category of people, different from other. Nevertheless, there are many who consider that it is almost impossible to define morality in human language, because this term is so complex, perhaps the most complex subject matter in the Universe [2].

A moral decision is, usually, what we like and agree on, respect, what is right for us, and strongly linked with a set of personal guiding principles, rules, traditions, beliefs. A decision shall be interpreted from a moral point of view when it is taken, but also from the viewpoint of consequences it’s having. A person may seem moral only from the perspective of decision he is taking. A moral person shall take a moral decision, otherwise his morality is in doubt. In fact, each of us can be judged as a moral or immoral person in terms of moral decisions we have taken, or by our behaviour in society.

The connection between managers and morality was and still is a very interesting topic approached by many authors. For instance, Carroll has presented the model of the moral manager [3], while Ciulla called the Ethic and Morality the heart of Leadership [4]. Carroll has defined a moral leader through the following terms: sensitive, astute, anticipating, predicting and proacting [5].

Speaking about managers, writers consider that these experiences in making decisions and taking actions should be based on moral considerations [6]. A manager must be moral, because he is the head of the organisation and the most representative employee of it. It is self-evidence that managers tend to associate managerial decision in relation to a set of determinable moral principles. An age-old question echoed in many texts of the authors asks: are managers ethical or not? [7] We definitely can reformulate this question, in order to underline how
important is to be a moral manager and make moral decisions. Is this inter-
relationship a necessity, or just a requirement?

Like any others, managers are experiencing many moments of moral
decisions. It is really difficult for them to know if a moral decision, in some
situations it is also the right one, or a good one for company, for employee, and
for the future. It is also a hard thing for them to find some rules or some directions
for healthy and solid moral rules. In most cases, the cause of the problem is so
complex that it is making very hard for managers to know if their decision is
moral or not, or if they have possibility to make the right and moral decision [8].
Monga spoke about „moral reasoning” as a term closely linked to ethical
behaviour and decision [9]. This is understood as a cognitive process that people
use in making ethical decisions. Ferrell claims that over the past few years much
progress has been made with normative and descriptive models of ethical decision
making, and this is useful especially for managerial decision [10]. As opposed to
immoral or amoral leaders, moral leaders see every evolving decision as one in
which a moral perspective must be integrated into [11]. It is also very interesting
that managers make a distinction between morality and judgment in takin
g decisions, claiming that it is almost impossible to make rational judgments in
ethical matters [12].

But it is also true what de Graff was saying about manager’s moral
decisions, which may be the same as strategic decisions regarding monetary
strategy, unclear [8]. The same author poses a problem that deserves to be very
well set up. It is about the complexity of some decisions, that the outcome of a
moral choice from different alternatives can’t be known at the moment of making
decision. So, this is a real problem for manager, because he really has no idea
about the morality of his choice, because its effects cannot be perceived at the
moment, but in time. As noticed [13], it is a tendency to present to managers even
decisions involving major moral issues as technical problems to be solved.

2.2. What does a moral executive decision mean from authors’ perspective?

First of all, a moral executive decision means fairness [6] - this is a
theological, philosophical and ethical term, but it has a lot of applications in
different areas. A very short, but meaningful definition of fairness belongs to
Ferrell who sees in this nothing but „the quality to be just, equitable and
impartial” [14]. A fair man will also be a moral one, because seeking the fairness
will also be a starting point of morality. In decision making, the manager must be
correct, because the decision represents him better, it is the equivalent of his
personality. Managers want to be sure that the process of taking the decision is
fair, as well as the outcomes of it [11]. An unfair decision will show to everyone
an incorrect manager, which would also destroy his image in the organization. On
the other hand, a fair decision will bring the desired results, and it’s going to
realize the aim objectives.
Honesty in communication – this is not only a moral perspective, but also an attribute they must have [6]. This means that manager must be honest in communication all the time, not lying, not hiding the truth, and not telling half-truths. What could dishonesty mean in managerial decision? First of all, is the absence of the truth, and this can set a precedent around manager’s lack of confidence. Secondly, the missing of this virtue in communication is a way for denigrating managerial decision and for highlighting the nullity of it. In the end, the absence of honesty in communication will cancel every trust and authority of manager in his organization. Generally, for managers, the principle of honest communication is a self-evident act, accepted as a normal attitude and standard.

Respect for law – a managerial decision must be in agreement with the principles of justice [6]. This means that a managerial decision must be not an assault to the employee, but a fair attitude in agreement with ethical rules.

A moral executive decision must be also tractable [8]. This doesn’t mean that making decision is an easy act. Managers must think very clearly what is good and what is not good for the institution from a moral point of view.

It is more than clear that a managerial decision must be truthful and transparent [1]. The truth is a very religious and ethical concept, and in Christianity Jesus himself, the Son of God, has been identified as the truth. Whoever goes outside of truth falls into lie. That’s why a decision should be based on truth. Managerial decision must also be a transparent one, truthful, because without it manager himself will be out of truth. But the truth shall be also presented to the person that shows the problem to the manager, because this one will make a different decision, depending upon how the problem is presented to him [15].

A moral decision involves emotions and feelings. Although there is a growing trend among writers to believe that emotions and feelings make more difficult for manager to take good and healthy decisions for company [16], it is almost impossible to claim managers to detach themselves from these. These are present on everyone’s daily life, and in the moment of acting. For example, if a manager is faced with fairing an employee, it’s more than clear that emotions and feelings will affect in a way or another his decision.

It is really necessary for a manager to make moral decisions, or it is more important that the decision to have the desired result? This is really an open question for future studies, for a better knowledge of the moral importance in manager’s activity. As stated, the end justifies the means; is this the good direction for an organization and for a respected manager? Or it is required to bring in the morality as an absolutely necessary pawn in proper conduct of organization? It seems that the answer of this question is already known, because, as we can read in literature, morality is more than important for the well-being of organization, for relationships it involves, but also for creating a strong and complex image of the manager.

For a manager, morality shall not be required in his job description, but is an indicator and a virtue for his position, and especially for decisions he takes. It is understood that a moral manager will take moral decisions. If we adjust that
managers make decisions daily, it is almost impossible to ask them all in a moral manner. Moral decisions are made conscious, they don’t come from unconscious. On the other hand, a manager’s decisions can seriously affect employees [17], and this is really an aspect which shall be taken into account. Furthermore, as Dukerich noted, managers influence the moral and ethical decisions of their subordinates [18]. It is also an open point if a moral manager and a moral decision will have the desired effect for organization, because, as some authors remarked [19] being a moral reputation with moral decisions tells employees what they are likely to do, but it does not tell them what they should do.

There is no handbook for a moral life and how to take moral decisions; and it is also clear that morality in organization is a requirement not only for managers, but also for all the employees. That’s why a moral behaviour and moral standards need to be known by every one of them, and applied in day-to-day working life.

Moreover, most of managers consider that the moral decision they take represent a part of their behaviour or private intuition [6]. Some of authors believe that for a moral decision to be taken it is required a moral judgement, which refers to any judgement made within the moral domain [20]. Others concluded that making one’s own decisions about what to do in a moral dilemma and judging the moral actions of others will show increased activation of different brain areas [21]. Of course, we can discuss about moral judgement, which is associated with moral action [22].

2.3. Managerial decision - a psychological point of view

Managerial decision has known different definitions from authors, many of them highlighting the main role in manager’s activity and its importance in common good of organization. To sustain this idea, Melé claimed that managerial decision is the central point of Management in every organization [23], while Natale [24] introduces managerial decision as the choice of several alternatives, and an answer to any questions in the organization. Bonci preferred to see in managerial decision the expression of a rational act having as destination the achievement of the objectives laid down by manager [25]. Managerial decision means also to choose the best alternative from different possibilities, to achieve the pre-established objectives [26].

There is a tendency of authors from the specific literature to present separated psychological processes when they talk about managerial decision. It is not very easy to include all the psychological processes in relation to managerial decision, and to present their influence in the final configuration of it. That’s why it is easier to present a single process or two at most in relation with taking managerial decision.

Being a process which means implementation of thoughts, and „a rational choice process from several alternatives” [27], the decision involves all the thinking operations as a central psychological process: analysis, synthesis, comparison, generalization, abstraction and concretization. About the usage of
this, the authors prefer to underline selective this aspect, summing up all of this into one principal process: thinking. Therefore, the decision is the principal activity, weapon, and expression of manager’s power. That’s why, it can be said that managerial decision is the manager’s signature in organization, and this is also the reason why manager must have some abilities, practical and theoretical knowledge. A good decision means good results in time.

To support the idea that managerial decision is not a manager’s simple choice, the experts in Psychology presented it as a double phenomenon: of individual Psychology (intellectual activity, produced of the rational act, personality traits of the person), and a psychosocial event as a result of human relationship.

As we can see, decision means relationship which requires interaction between manager and employed, and this one it’s absolutely necessary for proper functioning of managerial process. Modern Psychology defines the person through the concept of something individual, as a passive factor, but especially as an active factor, establishing relationships with the environment, influencing each other’s when they interact [A. Cucer, Note de curs la Psihologia personalității, Chișinău, 2013, 13, https://criminology.md/suport/sup21.pdf]. That’s why we have to consider that all people actions are the results of interaction with a social group, rather than the result of their own personality.

A comprehensive overview of literature reveals different themes discussed by authors regarding the involvement of psychological factors in managerial decision. Many writers discussed separately and occasionally about this topic, and underline the importance of psychological factors in taking decision by the manager.

When talking about the implications of Psychology into taking managerial decisions, the following points are presented.

2.3.1. The decider’s personality

This topic is approached by many writers who highlight the manager’s temper when he has to take a decision. The four types of tempers (choleric, sanguine, melancholic and phlegmatic) make their mark on how managers make decisions. If the choleric, which is aggressive, less cooperative, with a dictatorial style, will tend to have only his own opinion in decisions, he will take it without any consideration for other’s opinions, the phlegmatic manager who is calm, stuffy, emotionally stable will be more open to discussions with other people from organization. The sanguine manager will be sociable, democratic, and will look after cooperation in taking decisions, while the melancholic one is introverted, rigid and will look after unexplained and objectionable decisions. It is worth to recall that creativity, which is a complex skill is a resource that manager would use to offer original, prompt and personalized solutions. Furthermore, manager’s aptitudes can influence their decisions, and an example in this sense is leadership (democratic, dictatorial, or laissez-faire). Some of the authors underline exactly this topic in their texts. An example of this is Petrescu [28] who considered that
human factor has a decisive role in decisional process, since the whole personality is committed in taking decision. This idea is a notable indicator in understanding decisional process. Finkelstein and Hambrick [29] considered that managerial decision is based on two aspects: the manager’s individual experience and psychological traits, while Popa and Radu [30] classify the qualities of international dedicated managers: flexibility, independence, self-confidence, physical and psychological health, the aging, the experience, education, morality family and leader skill. All these show how important is personality in managerial decision. Through his entire activity and personality, manager influences directly the behaviour and actions of the other people [31]. Mihai pointed out four different managerial behaviours: sensory (the one that acts and gets results), creative (a manager full of new ideas, having long-terms plans), emotional behaviour (prone to human relationship), and the last one, reflexive (logical and analytical manager) [32]. Summarizing the author’s perceptions about the importance of manager personality and qualities in managerial decision, we can underline some of principal abilities the manager must have: adaptability, motivation, empathy, self-confidence, ability to manage difficult moments, creativity, care, responsibility.

2.3.2. Cognitive superior processes

It is not a secret that the best known process and the most mentioned by authors is thinking. It is a cognitive process, central, meaningful and it is seen as a process for drawing complex judgments. And, also, it has as basic understanding of the situations and resolving the problematic cases, using algorithmic and heuristic methods. Through its specific mechanisms, thinking may be defining in decisions making:

- Analysing and synthesizing the information – a decision implies several data which manager must analyse and synthesize in order to choose the best alternative. This is a process that requires time and a lot of precision from his part.
- Generalization and abstraction – taking decisions means extrapolation from particular decision to a group decision. Managers also must be very careful if they can extrapolate the decision they take.
- Comparing – when taking a decision, he must think at similar situations, comparing the common points, and identify strengths and weaknesses. This is about similar and common decision, manager is dealing weekly or daily.

The role of these processes in managerial decision was underlined by authors, who preferred to speak about this topic from different points of view. In this regard, Matzler, Uzeleac and Bauer wrote about the role of intuition in managerial decision, tightly linked with thinking [33]. For a good intuition, a manager needs a very good thinking. Melè preferred to underline the role of wisdom and rational thinking in managerial decision making, speaking in the same time about the instrumental and rational thinking in this process [23]. Other authors, like Hafner-Burton [34] have presented the manner in which the elite
(those who have taken top and influential decisions) decides. They linked the rational presence in taking decisions from manager’s experience. Holloman has a different perception about this topic, claiming that most managers use in the same time rational thinking and feelings in decision making process [35]. Paraphrasing Fulton Oursler, in decision making we have to use the brain God gave us, but also the heart He also gave [36]. This perspective highlights exactly the interaction between cognitive and affective processes. It is impossible for a manager to use only emotions in taking decisions, as well as it’s impossible to use only the thinking. It is an interesting question for an upcoming study if the rational manager is more effective than an emotional one, or if involving emotional in decision making may have undesirable effect. Shing, Kumar and Anju have presented a study in which they identify five different ways to take managerial decision [36]. These are: analytic, directive, contemplative, impulsive and rational way.

Starting from the specific mechanisms of thinking, McKenna speaks about the role of thinking in managerial decision and shows the processes linked to this when manager has a decision [37]. These are gathered in four categories and are as following: analysis, differentiated thinking, calculation and leadership. Some authors really think that is absolutely necessary for managerial decision to be seen through rational thinking. This would mean the manager’s ability to obtain thorough analysis the desired end with the help of the main and efficient facilities [23]. For some writers, cognitive thinking doesn’t mean only to have a decision, but continues with its assumption and evaluation. That’s why many specialists sustain that thinking means more than to underline and to decide.

The language is the principal way for the manager to transmit a decision in an easy understanding manner. Also, with the use of language the manager receives a feedback from employees (verbal or non-verbal) and thus he can evaluate the impact of his decision on them, but also in organization. Oral language seems to be the most important into organization, because through it the decision is submitted, examined, and finally there are discussions about the results. On the other hand, the language, as a psychological process, creates and sustains relations between manager and employees which is making possible the information submission from the decider to others. This means that language is strongly linked to thinking.

Memory (both of voluntary and involuntary type) has a decisive role in decision-making. Through its main process (registration, storage and updating of the information), memory comes in decisional process and every new decision of manager can be linked to an old one. Through memory, manager has the opportunity to have a new decision based on past experience. Stan reminds of the concept from cognitive psychology called „canal capacity”, the available area on brain for some information [38]. According to this concept, the manager has a limited closet space for information, and a right decision is strongly linked with the way these were stored in memory. Psychologists usually speak, in general about our tendency to retain, to replicate and to recalibrate the information that we like, linked to our aspirations, needs, and wishes, which means that manager will
decide according to their perspective about past, preferred and good decisions. It goes without saying that memory is present, especially on the first phase of decision, when manager takes into account past decisions, and links these ones by the new decision he has to take.

Through imagination, which is a cognitive complex process for developing new images, the manager is able to visualize real situations, or alternative ways for resolving different problems, and thus he can have the best or the efficient decision. The imagination is a process absolutely necessary for manager’s activity. Creative imagination guides the manager to the possible way, offering a new perspective for future. The final product of this it’s a new and original mental project that should be implemented. This imagination is strongly linked with creative attitude, manager being that one who shows interest in taking the best decision, using creativity.

2.3.3. Regulatory process

Motivation may be regarded as an internal resort of action and by extension of manager decision. It can be intrinsic (having the roots in subject’s wishes and aspirations) and extrinsic (suggested or required by extern factors). It also can be positive (determined by desire for appreciations, success, promoting), but also negative (fixed by sanctions, critics, and so on). DeVader and Alliger have developed a model that speaks about for psychological characteristics occurring on managers, one of whom being the motivation [39]. McClelland and Boyatzis [40] and Berman and Miner [41] have brought into attention the motivation as a principal process in decision making. McNeese states that motivation is behind the manager’s behaviour, sustaining also the decision making [42].

The willing is based on tenacity and perseverance in actions, determination in taking and maintaining the decisions. It is translated regarding deciding through courage, audacity to have a decision even it is a radical one, but also being calm in dangerous, problematic and rational situations.

Affectivity as a basal and infrastructural part of psychic represents the capacity to value or manipulate emotional experiences of the decision’s recipients. A decision may be accepted easier if the decider is handling emotions and feelings of the executants. Emotions are present all the time in our lives and take their roll to every action we have, and also can change the way or manner we decide. Wen and Zhou [43] affirm that affectivity is imperative present in relationship manager-employee. It appears especially in the first stage of decision, when manager has to choose between alternatives, and consider all the factors involved, especially how it affects the performers.

2.3.4. Authority

Psychological view of managerial decision cannot be undertaken without highlighting inter-relationship between decision and authority. The last one involves the manager’s right to take decisions and to send to performers their
implementations. The authority system specified into all the details is reinforced or not through the personal manager’s characteristics (intellectual, professional competence, character, ethics traits). Constantin notes that one of the factors’ category according to which the decision is taking is authority factors [44]. Authority means an unseen force that manager possesses, which authorises him to take decisions he considers to be the best ones. Manager’s authority is closed related to his personality, intellect, character and, finally, to his relations with the employees.

2.3.5. Decisions making delegation

This assumes more than a simple burden with responsibilities; it is a proof of a very good knowledge of the others by the manager, without which it is almost impossible to have confidence in delegating a subordinate. From the moment a manager delegates a subaltern to take a decision on his behalf he assumes that decision, even it is not his own, and this is not a simple point to accept. It is more than clear that this delegating involve not only good knowledge of psychology, but also confidence and good perspectives. Manager needs to supervise the delegated actions and to interfere if is necessary.

2.3.6. Communication and relation

Every decision involves communication. Without it, you cannot take or transmit any decision. Of course, communication is closely associated with language, seen as a system where there are energetic and informational shifts, having language as support. Speaking about decision, we’re not looking only to this issue, but we see in it a communication relationship. Indeed, the communication could make some people actors, offering them a bigger role, while to others just an execution role.

3. Conclusions

Morality and Psychology offer two different perspectives on managerial decision making, but they intersect at one point: offering a manager profile in taking decisions, by guiding this towards actions, and explaining his behaviour and choices in a very proper manner. Concerning the managerial decision by moral and psychological way we can bring out some aspects that are definitely important in organization and in the relation between manager and employee. First of all, morality is a value and a virtue, which is a part of manager’s personality, that reflects his behaviour and decisions he is taking in organization. Secondly, the managerial decision could only be seen through the lentil of psychological processes that are absolutely necessary for its own specificity.
Due to the influence of Psychology and morality in managerial decision, we can say that every manager is unique in his own way and decisions have a strongly under meaning as a mixture of thinking, emotion, memory, personality, imagination and authority.

Acknowledgment

The findings presented in this research come from the activity of Doctoral Studies taken at ‘Gheorghe Asachi’ Technical University, Faculty of Textiles, Leather and Industrial Management.

References