CHAPTER I
INTRODUCTION
CHAPTER I
INTRODUCTION

Decisions are made by everybody in many contexts and decision making plays a crucial role in shaping the organization’s future. The success of any organization mainly depends on the decisions taken by its managerial employees. Simon (1977) defined decision making as “a process synonymous with the whole management”. A manager makes decisions constantly in the process of performing various managerial functions. Many researchers explored the link between decision making and organizational performance. In this globalized world, where everything can be accessed just at the click of a button and so it is becoming very difficult for organizations to survive and meet the competition. Decision making plays a major role and decision making styles are acting as the change agents for differentiating one organization from another. In this scenario, the present study is focused on decision making styles of managerial employees and two important factors effecting decision making, namely Self-efficacy and Psychological strain and their relationship with public and private sector organizations were examined.

Self-efficacy is one of the most important factors impacting stressor strain relationships. High levels of job performance are observed among individuals with high self-efficacy. It is evident that problem-focused approach is observed in individuals with high self-efficacy and emotion-focused approach is observed in individuals with low self-efficacy and they are more worried about the completion of the task. Self-efficacy is a form of self-confidence. Self-efficacy affects every area of human endeavor. Self-efficacy builds one’s confidence in managing different situations by executing alternative courses of action.
Strain is the end result of stress, which is a mediating factor (Koeske & Koeske, 1993). Outcome of stress could be both positive and negative; strain is the negative outcome of the stress. Both Stress and strain influence an individual’s professional performance. Job strains allude to huge number of pessimistic ways in which employees may react to job stressors (Jex, 1998). Stressors (stressful job conditions) correlate with employee psychological strains and physical strains (Cox, 1987). Stressful job causes high levels of strain, but this can be lowered by greater job control. The reasons for making employees' life unhappy include heavy workloads, very tight schedules, prolonged meetings, unhelpful colleagues, indifferent bosses, inefficient subordinates and a many other annoying factors may have a cumulative effect. The research has established that high-stress situation lead to reduced performance and also has a harmful impact on the psychological and physical health of an individual (Cooper, Dewe, & O'Driscoll, 2001).

Number of studies have demonstrated a significant relationship between the complex decision making process and self-efficacy. Thus, self-efficacy is an important performance predictor for a wide range of tasks in organizational contexts. High self-efficacy participants may use a wide range of personal skills, be prepared to take risks in decision making, and be very persistent, as they believe that their persistence will lead to a successful outcome of the task (Whyte, Saks, & Hook, 1997). Individuals with high self-efficacy have more confidence in themselves and they believe that they can do complicated tasks easily.

Participants with high self-efficacy tend to show less personal doubts about their personal behavior during development of the task, while low self-efficacy participants are more inclined to feelings of despair (Gist, Schwoerer, & Rosen, 1989). An individual with low self-efficacy believes that any task can be tough and will not take
initiative to take it. People with low self-efficacy expectations do not plan the decision making process, they act unsystematically and give up a task when they come into difficulty (Bandura, 1997). Self-efficacy has several effects on thought patterns and responses and thus affects the decision making styles.

From the above discussion, it is well understood that managers make decisions which are mostly influenced by self-efficacy and psychological strain. Hence, it is essential to understand the influence of these factors on decision making styles and the relationship across different sectors, job levels and job tenures among managerial employees. This study focuses on the characteristics of the above study variables and their relationship with several organizational and demographic factors for better decision making, which has not been discussed till date in Indian context.

Self-efficacy

Self-efficacy and individual’s achievement are positively correlated. Bandura,(1977, 1978) defined self-efficacy as an “individual’s belief in his or her competence to successfully perform a particular task”. Self-efficacy can be used as one of the powerful tools of judging motivations to predict, “How well an individual will perform at any task”. An individual’s self-efficacy is a resilient determinant of desirable traits like effort, diligence, planning, job performance as well as willingness for successive training. Self-efficacy not only helps in extrapolation but also, if developed, can be utilized for performance enhancing gains.

Social self-efficacy refers to “persons’ beliefs that they are capable of instigating social contact and developing new friendships” (Gecas, 1989). The term Social self-efficacy refers to “an individual’s belief about his/her socialization skills to make him/her to have superior interpersonal relations”. One of the main reasons for
Loneliness is a negative feeling about interpersonal relationships (de Jong-Gierveld, 1987). Lonely people are judged to be less capable in building effective interpersonal interactions than people who are not lonely (Jones, Hobbs, & Hockenbury, 1982; Spitzberg & Canary, 1985) and research has constantly demonstrated a negative correlation between social skills of the individual and his/her loneliness (DiTommaso, Brannen-McNulty, Ross, & Burgess, 2003; Ronald Riggio, 1986; Ronald, Riggio, Watring, & Throckmorton, 1993; Segrin, 1993). Loneliness and socialization are inversely related and most of the recluse lack social skills. Past literature evidenced that there is a strong relationship between social self-efficacy and team building capability of an individual.

Self-efficacy as a theory includes characteristics like planning an action, awareness, organization of the required skills, and the level of motivation after reviewing the potential gains and difficulties of a given situation. A high level of self-efficacy facilitates the experience of success and wellbeing, and in particular, personal development and further development of one’s skills. Previous successful experiences, examples of the achievements of other people with similar personal characteristics, positive feedback from one’s environment, and a positive mood supports one’s belief in their self-efficacy. When an action results in failure, people who have a strong belief of their self-efficacy, do not relate to the failure of their own deficiency, but to the methods and strategies they use. According to Bandura (1977), the most significant characteristic that distinguishes individual with a low level of self-efficacy from those with high level of self-efficacy is that the latter recovers comparatively faster following a failure, insists on their action, and does not give up. Figure 1 illustrates the types of managerial action that develop employees’ self-efficacy.
Figure 1 Managerial action that develops employee’s performances by building their Self-efficacy. (Source: Adapted from (Heslin, 1999))

Nature of Self-efficacy

Self-efficacy varies from person to person and it depends on certain number of tasks they perform. People have comparatively higher level of self-efficacy for particular tasks and may have lower level of self-efficacy for others (example, a Production manager may have superior self-efficacy for the technical aspects of his or her role, but low self-efficacy for other managerial aspects such as handling with workers’ productivity). Self-efficacy is more explicit and constrained than self-confidence (i.e., a general personality trait that relates to how confident people feel and act in most situations), or self-esteem (i.e., the extent to which a person likes themselves), it is, by and large, quickly established than self-confidence or self-esteem. It can be reliably used to predict, how successfully people will accomplish a given task rather than their self-confidence or their self-esteem.
Stress

Stress is a universal phenomenon and every individual has to face it at least once in their life time. Most of the earlier researchers have confirmed that stress has a negative correlation with performance. Cox (1975) considers that Stress involves the “process of external stimuli, the physiological response to these stimuli, and psychological processes that mediate between stimulus and response”. The psychological processes involve differences between individuals in their perception of the environmental demands and their own capacity to meet those demands. Stress affects individuals’ psychologically by expressing as an anxiety or depression (McGuigan et al., 1999), it also affects physically. The physical stress symptoms include anything like ulcers and digestive upsets to coronary problems (Minirth, Hawkins, Meier, & Flournoy, 1986). Stress also causes negative reactions to job satisfaction, lowering of performance (McGuigan et al., 1999) and weakening commitment (Jex, 1998). Stress and its impact of occupational functioning is a major factor in reduced individuals’ productivity (Glasser, 1984).

In the given competitive business scenario, the expectations of the employees are increasing from time to time and bigger targets are assigned to them. This kind of scenario is leading to stress among the employees and resulting in low productivity. The ever changing work environment and its demands are increasing anxiety in all systems (Miller, 1993). Occupational stress and teacher attrition are also concerns of special educators (Brownell & Smith, 1992) and those who provide related services for students with special needs (Fimian, Lieberman, & Fastenau, 1991). Occupational stress and its relationship to the attrition of professionals is a concern in the human service and helping professions (Cherniss, 1980). Occupational stress, if frequent and severe, leads to adverse behavioral, physiological and psychological responses. The
cumulative effects will influence an individual’s commitment to continue in the field. The level of stress may reach a condition described as burnout (Maslach & Jackson, 1982). Stress and burnout constitute one set of factors that directly influence teacher attrition in special education. (Cooley & Yovanoff, 1996).

**Strain**

Strain refers to an employee’s physiological or psychological response to stress (Hurrell, Nelson, & Simmons, 1998). Based on the theoretical foundation on which the Occupational Stress Inventory-Revised (OSI-R) was designed, strain is assumed to be the result of the interaction of individuals experienced stress and subsequent coping. Osipow (1998) developed a Personal Strain Questionnaire to measure psychological strain. The Personal Strain Questionnaire consists of four scales: Vocational Strain, Psychological Strain, Interpersonal Strain, and Physical Strain.

**Vocational Strain:** Vocational Strain “measures the extent to which the individual is having problems with work quality or output” and their attitudes towards work (Osipow, 1998). It also measures the extent of boredom, anxiety, lack of interest, poor concentration, and increased frequency of accidents at work caused due to strain. Earlier research confirmed that low self-efficacy individuals have higher degrees of vocational strain. Trivette (1993) found that Vocational Strain scores were in the average range for both genders among the elementary school counselors.

**Psychological Strain:** Psychological Strain measures the “magnitude of emotional and/or psychological problems being experienced by the individual” (Osipow, 1998). The past literature showed the adequate evidence regarding the relationship between stress, strain and outcome. A stressor is defined as the “particular relationship between the person and the environment that is appraised by the person as taxing or exceeding
his or her resources and endangering his or her well-being” (Lazarus & Folkman, 1984). Koeske and Koeske (1993) reported that between the specific stressors of an environment setting and its outcome is the variable of strain. The strain is the consequence of stress and it is a mediating factor. They also concluded that stress can produce negative and positive consequences and the negative consequence of stress is strain. Stress and strain effect outcome in both personal and professional spheres and the final response to frequent and severe periods of stress is burnout.

Based on Holland’s personality types showed that there was a significant difference between vocational teacher’s personality and job. Individuals who scored significantly lower on Psychological Strain reported less similarity between their personality and job (Pithers & Soden, 2000). Thus it is evident from the previous studies that psychological strain is related to the personality of the individual and his job. Trivette (1993) concluded from the study that psychological strain scores for both genders among elementary school counselors were average and also found that counselors with one child had higher scores for psychological strain than counselors with two children. Psychological strain and family environment, including size of family and number of children are indirectly related. Ryan (1996) identified that psychological strain scores for Licensed Professional Counselors (LPC) were in the average range, however LPCs who received stress related treatment had higher scores. LPCs, working as professors in a program preparing counselors displayed lower psychological strain scores than those who worked in a mental health agency and counselors in private practice scored lower than those in agency settings. The psychological strain is also influenced by the organizational setting in which the participant is working.
**Interpersonal Strain:** Interpersonal Strain measures the “extent of disruption (e.g. withdrawal or aggressiveness) in interpersonal relationships” (Osipow, 1998). This strain caused mostly due to the stained interpersonal relations with the fellows in the organization or by any other members of the family. Clemons (1988) found that 81 out of 244 counselors agreed to the statement that stress at work will have impact on rest of your life. Thus, it is significant that interpersonal strain may result from occupational stress. It is evident from the previous literature that strain not only effects the performance, it also impacts the life of the individual both physically and mentally.

**Physical Strain:** Physical Strain complaints about physical illness and/or poor self-care habits (Osipow, 1998). Pithers and Soden (1998) observed that among vocational teachers, women scored higher than men with respect to reporting about physical strain. Trivette (1993) identified that Physical Strain scores for elementary school counselors were found to be in the average range for both genders.

**Managerial Decision Making**

A decision is “a cognizant choice to behave or to think in a particular way in a given set of circumstances” (Duncan, 1975). Decision making is often stated that, “it is the heart of the management process” (Mann, 1976). Decision making is the process of thought and forethought that leads to a decision. It is a dynamic process (Harrison, 1975), which indicates that, when a problem exists, the best courses of alternatives must be selected and implemented. Decision-making is “a conscious process, involving both individual and social phenomena” (Shull, Delbecq, & Cummings, 1970). It is the process of choosing a best course of action from among a set of alternatives. Decision making is the heart of the management of an organization. Decision making competence differentiates the manager from the non-manager and more significantly
the good manager from the mediocre manager (Nooraie, 2011). Simon (1977) defined “Decision making as a process synonymous with the whole management”.

In reality, managers must make important decisions while performing managerial functions like planning, organizing, staffing, leading, and controlling. Managers make decisions effectively by being a good planner, organizer, staffer, leader and a controller. A manager must first be a good decision maker (Rue & Byars, 1986). Managers’ task is to make decisions which routinely affect the value and viability of organizations. Thus, managers at all levels are expected to make optimal decisions. Over the last five decades, rigorous formal theories of decision making are accepted as models of rational choice. One may perceive that managerial decision making, comprises nothing more than calculating the output of normative models. However, decisions based on rational choice are not widely accepted. Managers indeed attempt to make optimal decisions, although there are numerous obstructions preventing them from actually doing so. The behavioral decision theory and cognitive psychology literatures have catalogued numerous deviations from perfectly rational behavior (Kahneman & Tversky, 1979; Poulton, 1994). Deviations from rational decision making have been found in every aspect of economic activity. Thus, there are two reasons; one managers who actually do not care about making suboptimal decisions or managers who are not aware they make suboptimal decisions.

**Decision Making Process**

Organizations operate by people making decisions at all levels. A manager plans, organizes, staffs, leads, and controls his/her team by executing decisions. The success of a manager is determined by how efficiently he/she makes decisions. Organisations constantly depend on managers to make decisions in order to solve problems. Decision making and problem solving is a continuous processes of
evaluating problems, considering alternatives, making the best choices, and following them up with the corrective actions. Decision making process can be extremely short, and mental reflection is essentially instantaneous. In other situations decision making takes weeks or even months due to some constraints. The entire Decision making process is reliant on availability of right information at the right times to the right people

Decision Making Styles

Previous researchers have studied a wide range of individual decision making styles in different setting. Scott and Bruce (1995) defined “decision making styles as the learned habitual response pattern showed by an individual when confronted with a decision situation”. Based on this definition, They categorized individual decision making style into five major categories rational, intuitive, dependent, avoidant and spontaneous decision making styles. According to these authors, Rational decision making style is described as “logical evaluation of alternatives”. Intuitive decision making styles is described as “reliance upon hunches and feelings”. Dependent decision making style is described as “search for advice and direction from others”. Avoidant decision making style is described as “attempts to avoid decision making” and Spontaneous decisions making style is described as “taking sudden and impulsive decision”. Many researchers explored the link between decision making and organizational performance. Amason (1996) found that top management make decisions which persuade the organizational performance. Amason and Schweiger (1994) found that strategic decision making influences organizational performance. Goll and Rasheed (1997) observed that rational decision making has a positive correlation with organizational performance. Rehman (2011) proposed a theoretical model and argued that decision making styles impact organizational performance.
Rational Decision Making Style

Individuals who adopt rational decision making style anticipate the need for decision making and gathers necessary information about themselves and their environment. They gather information from both external and internal sources in a systematic manner. In rational decision making style an individual analyses thoroughly possible alternative choices from different scenarios. The final choice is made based on the weighted probabilities of these scenarios and the best scenario which gives the highest outcome (Oliveira, 2007; Omotola, 2012).

Intuitive Decision Making Style

Intuitive decision making is “a subconscious process created out of a person’s experiences” (Robbins & Judge, 2012). Irrespective of the availability of limited information, an intuitive decision maker can make quick decisions. Soukhanov (1999) defined that “intuition is known as something instinctively without having to discover or perceive it”. Intuition is seen as an intrinsic capacity, one does not consider the process which gives rise to a judgment or action involving it. Patton (2003) found that intuitive decision making style can be innate, it can be developed by learning through experiences and accomplish intuitive reactions to certain situations. The conceptual framework for the term of intuition can include experience, judgment, insight and gut feelings (Fields, 2001).

Dependent Decision Making Style

It refers to the dependence upon the direction and support of others. Decision makers in this style always search for advice and guidance from others before making important decisions (Omotola, 2012).
Avoidant Decision Making Style

It means avoiding or postponing the decision making. In this style, decision maker attempts to avoid or postpone decision making (Spicer & Sadler-Smith, 2005). According to earlier studies, it has been analyzed that avoidant decision makers attempt to avoid making decisions altogether (Scott and Bruce, 1995). In the similar context Simon (1987) has explored that avoidant decision makers do not attempt to find a solution or even consider alternatives available.

Spontaneous Decision Making Style

It means impulsive and prone to making snap or spur of the moment. This style is characterized by a feeling of immediacy and desire to come through the decision making process as quickly as possible (Spicer & Sadler-Smith, 2005). A conceptual framework for decision making is presented in Figure 2. It depicts the significant relationship among various decision making styles and organizational performance.

![Conceptual Framework for Decision Making](image)
**Top-level managers**

Top-level managers are involved in making strategic planning. Top-level managers consist of the board of directors, presidents, vice-presidents, CEOs, general managers and senior managers, etc. They formulate strategic plans, policies, procedures and make decisions to navigate the business to perform well. Top managers need to have more conceptual skills than technical skills. They anticipate and analyze the changing scenarios, competition, world economies, political, technical and social environments that affect organizational effectiveness.

**Middle Managers**

Middle managers consists of general managers, branch managers and department managers. They are accountable to the top management for their department's function. They make tactical plans and objectives which align with company’s strategic goals. They perform organizational and directional functions. They need conceptual and technical skills. Their roles can be emphasized as

- Executing organizational plans in conformance with the company's policies and the objectives of the top management
- Dissemination of information to the lower level about company policies and organizational goals.
- Motivating and guiding the lower level managers to achieve organizational goals.

**Frontline/Lower level Managers**

Frontline managers are responsible for day to day primary production activities and hence, their role insists to have technical and interpersonal skills. They are accountable for efficient productivity and cost control. They are involved in guiding,
supervising and motivating the employees at the operational level. They have to ensure quality and quantity of production, make recommendations, up channeling employee problems, providing technical expertise, and dealing with suppliers, customers and clients. Frontline managers need very high interpersonal and technical skills. Frontline managers add critical value to achieve organizational goals as they perform those critical production duties.

**Summary of thesis**

The residual chapters of this thesis include review of literature of self-efficacy, psychological strain and decision making styles and how these variables are associated. The chapter on method discusses the study design, sample design, instruments used, how the data were collected and analyzed. The results and discussion chapter includes statistical results of the research and indicates whether the research objectives and hypotheses are answered. The concluding chapter presents the summary and conclusion of the study, implications for self-efficacy, psychological strain and decision making styles of managerial employees and suggestions for future research.