

DECISION MAKING EFFECTIVENESS OF EXECUTIVES

(A CASE STUDY OF T.H.D.C. LTD.)

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ABSTRACT

This paper attempts to evaluate the decision making effectiveness of executive. For this purpose a survey is conducted among forty executives in Tehri Hydro Development Corporation Ltd (T.H.D.C.). This study ascertains the percentage of high, medium and less effective executive in decision making. Personal interviews held in each case, where executive rated under various rating factors by their superiors, subordinates and by themselves. The result reveals that subordinates have rated executive lower to what executive and superior did. The executives rated themselves higher than their superior. Thus, the subordinates have under-rated the executive. And high in case of self rating i.e. over-rated. Whereas rating done by superior is lie between the two extremes. Moreover, superior being boss of executive is in better position to rate the executive accurately, so this being the standard. The study finds that less than 85% executive are really good in decision making while about 5% are poor or really poor in their ability.

Keywords: Decision Making, Effectiveness, Executive, Rating Factors.

Introduction:

Decision-making is an important aspect of any managerial task. From the very inception of any business organization for production and sales of goods and services, fulfilling objectives of the organization etc. decision making plays a vital role. The concept of decision making comprises three principal phases. These three phases include finding occasion for action and choosing among course of action. The choice of alternatives is done on the basis of some criteria so as to arrive at the best possible answer or solution.

Effectiveness is the extent to which a manager achieves the output requirement of his position. Effectiveness is best seen as something a manager produces from a situation by managing it appropriately. It represents output not input. The manager must think in terms of performance, not personality. It is not so much what a manager does but what he achieves. The performance of business processes is considered to be positively and strongly correlated with the effectiveness of associated managerial decision making (Galbraith 1973, Galbraith 1974, March 1999). Effectiveness of the manager can be increased if he takes effective decision. For this he should develop as many alternatives as possible for solving a particular problem or to make a decision. Each alternative must be thoroughly analyzed in terms of its advantages and disadvantages to the organization. He should choose that alternative which provides maximum benefit. This means that a

manager should follow a systematic decision making process. Besides, tools for effective decision making should be employed by him. The main aim of present study is to examine the effectiveness of executives regarding decision taken by them.

Objectives:

The objectives of the proposed study are:-

- 1- To ascertain the percentage of high, medium and less effective executive in decision making.
- 2- To examine if there is any consistency in the rating by executive, his boss and his subordinate.
- 3- To determine the decision making factors commonly found in executive these days.

Research Methodology:

The study is based on primary data which have been collected through a survey conducted among forty executives in Tehri Hydro Development Corporation Ltd. (T.H.D.C. Ltd.). of these, there were ten middle class executives, twenty lower middle class executives and ten high level executive. Personal interviews were conducted in each case. Further, while the high levels executive who were actually bosses (superior) of the middle executive of their subordinates, the middle executives rated themselves on their effectiveness. Their subordinates also rated the middle executive on the effectiveness scale. The tools used for obtaining information from respondents were different for superior, (middle) executive and subordinate (lower middle executives).

The above said tools contained various items falling under several relevant factors like acceptability, clarity, confidence, contribution, correctiveness, economy, independence, originality, promptness and understanding. A questionnaire was developed for the purpose to obtain information. This contained various items relating to present study.

The dimensions and concern of the superior is certainly wider and relates to acceptability, clarity, confidence, contribution, economy, originality as well. Further, it was observed that decision making in a industry is generally carried out in three stages- firstly, when the problem in faced there is a meeting between the executive and superior. Then there is a second meeting where in all participants report their findings and the last meeting when the final decision is made. The items for superior/executive, therefore relate to these situations in particular.

In each of the questionnaire there were five possible answer of which the executive, superior, or subordinate whatever the case may be, had to select one answer as his response. These answers were coded as 1, 2, 3, 4 and 5. Where 1 stand for the respondent highly agreeing with the statement, 2 for agreeing, 3 for uncertainty, 4 for disagreement and 5 for strong disagreement with the statement.

Scoring and Analysis:

Level of effectiveness of an executive can be judged by comparing his score with respect to a factor-

Example:- In any factor

High Score = 1 and 2 Medium Score = 3 and Low Score = 4 and 5

A score of 1, 2 would mean that executive is highly effective on that factor and a score of 4, 5 would mean the executive is less effective. Middle score of 3 would be average.

Results:**Contribution:**

Under the contribution factor a number of executive had been assessed by their superior either very high or high in seven out of eight items related to offering clues to the problems. Helping in deciding the course of action, active participation in discussions and contribution towards the final decision, however, in the items relating to participation in discussions there was no clear indication as executive had been placed equally in various categories.

But, a majority of executive had assessed themselves either very high or high in seven of these items related to offering clues to the problems, helping in deciding the course at action, active participation in discussions and contribution towards the final decision. While, participation in discussions the executives had assessed themselves either very low or low.

Collectively, about 66% of the executives had been placed on high level. While another 74% termed very high, where as about 50% of the executives placed themselves on the high level and 43% termed very high.

Table: 1
Comparative (Mean) Rating of Executives on Items Relating to Contribution

S. No.	Items	Mean Rating by	
		<i>Superior</i>	<i>Executive (Self)</i>
1.	Offering Clues to the problems	1.9	1.5
2.	Unable to offer clues to the problem	4.3	4.5
3.	Does not help in deciding the course of action	4.3	4.5
4.	Helps in deciding the course of action	1.8	1.6
5.	Participates actively during discussions	1.6	1.6
6.	Quiet during discussions	3.1	3
7.	Contributes towards decision taken	2	1.6
8.	Hardly contributes towards decision taken	3.8	4.5

Note: Scores of 1-2 indicate agreement with the statement and 4-5 indicate disagreement

Independence:

A majority of executives had assessed to be high or very high in both the items related to giving further instruction or clarification to the executives by their superior to carry out the responsibility. As well as under the self-evaluation, executive had assessed themselves to be high or very high. While in case of evaluation by subordinates a majority of executives had been assessed either very high or high in the items relating to discussion of problems, inviting suggestion for solving problems and seeking supports in decision making. However, in case of acceptance of suggestion, inviting suggestion for decision making and getting influenced by his subordinates in decision making process the executives had been assessed low in most of these cases.

Collectively, about 70% of executives had been rated either high (60%) or very high (10%) when they were rated by superior as well as assessed themselves. There is uncertainty regarding 15% executives where as 15% executives rated low. 64% of the executives are placed in high (44%) or very high (20%), categories out

of 29% executives had been placed in the low (18%) and very low (11%) categories when they were rated by their subordinates.

Table: 2
Comparative (Mean) Rating of Executives on Items Relating to Independence

S. No.	Items	Mean Rating by		
		Superior	Executive (Self)	Subordinate
1.	Rarely, needs further instructions/clarification	2.3	2	-
2.	Generally requires further instructions/clarification	3.7	3.9	-
3.	Discusses problems with subordinate	-	-	1.7
4.	Rarely, discusses problems from subordinates	-	-	4.1
5.	Invites suggestion from subordinates	-	-	1.8
6.	Does not invite suggestions from subordinate	-	-	3.8
7.	Fully accepts suggestions from subordinates	-	-	2.1
8.	Rejects suggestions from subordinates	-	-	4.0
9.	Seeks support from subordinates in making decisions	-	-	1.5
10.	Gets influenced by subordinates in making decisions	-	-	2.9
11.	Does not seek support from subordinate in making decisions	-	-	4.2

Note: Scores of 1-2 indicate agreement with the statement and 4-5 indicate disagreement

Correctiveness:

There were in all six items under this factor most of the executive had been rated high or very high in all items related to correct course of action, advocated, validity of recommendations or conclusions given in later stages and authenticity of the suggestions given in later stages. In both case they were assessed by their superior and themselves. Where as executives rated by subordinate either high or very high in five items under this factor. Collectively, according to superior about 87% of executives had been rated either high (72%) or very high (15%), about 94% of executives had assessed themselves either high (52%) or very high 42% and 56% of executives had been assessed either high (37%) or very high (19%), there were uncertainty for about 35% of executives assessed by their subordinates.

Table: 3
Comparative (Mean) Rating of Executives on Items Relating to Correctiveness

S. No.	Items	Mean Rating by		
		Superior	Executive (Self)	Subordinate
1.	Course of action advocated leads to right end	2	1.4	2.15
2.	Course of action advocated leads to wrong end	4.2	4	4.7
3.	Recommendations/Conclusions/decisions are Correct, later	2	1.6	2.5
4.	Recommendations/Conclusions/decisions are wrong, later	4	4.3	3.5

5.	Suggestions given prove to be correct, later	2.2	1.6	-
6.	Suggestions given prove to be wrong, later	4.1	4.3	-
7.	Considered as "LUCKY" decision maker	-	-	2.7
8.	Decisions taken are generally proven wrong, later	-	-	4.05

Note: Scores of 1-2 indicate agreement with the statement and 4-5 indicate disagreement

Promptness:

Evaluation by superior, a majority of executives had been assessed either very high or high in two items related to the time taken by them in completing the assigned job. Under the self evaluation most of executives had assessed themselves either very high or high in the items related to the time taken by them in completing to assigned job. While a number of executive had been rated by their subordinate either high or very high in all the four items related to the executives being quick to decision is making and minimum information for decision making.

Collectively, about 85% of the executives had been assessed by their superior either high (75%) or very high (10%), they were uncertain for 5% executives and rest 10% executives were related to low. In case of self-evaluation 90% of the executives had rated themselves either high 30% or very high 60%, while 10% of executive are uncertain about themselves. Where as 85% of executives had rated by subordinate either high or very high 25%, while 14% of executives had been rated either low 9% or very low 5%.

Table: 4
Comparative (Mean) Rating of Executives on Items Relating to Promptness

S. No.	Items	Mean Rating by		
		Superior	Executive (Self)	Subordinate
1.	Takes less time in assigned job	2	1.7	-
2.	Takes long time to Complete assigned job	3.7	4.3	-
3.	Slow in taken decisions	-	-	4.2
4.	Quick in taking decisions	-	-	2.0
5.	Needs lots of information to arrive at decision	-	-	2.6

Note: Scores of 1-2 indicate agreement with the statement and 4-5 indicate disagreement

Understanding:

There were in all two items under this factor. Most of the executives had been rated by their superior either high or very high in both the items relating to understanding the problems being discussed. A majority of executives had been assessed by their subordinates either high or very high in all four items related to understanding of problems concerning the department and giving several alternatives for a given problems.

Collectively, 95% of executives had been rated by superior either high 70% or very high 25%. Under-self evaluation 100% of executive assessed themselves either high 40% or very high 60%. While in case of rated by their subordinate, 89% of executive assessed either high 42% or very high 47%.

Table: 5
Comparative (Mean) Rating of Executives on Items Relating to Understanding

S. No.	Items	Mean Rating by		
		Superior	Executive (Self)	Subordinate
1.	Deep Understanding of Department problems	1.7	1.5	1.5
2.	No Understanding of department problems	4.1	4.7	4.3
3.	Generating several alternatives for solving problems	-	-	1.9
4.	Unable to give many alternatives for solving problems	-	-	2.15

Note: Scores of 1-2 indicate agreement with the statement and 4-5 indicate disagreement

Clarity:

Evaluation by superior, most of executives had been assessed either high or very high in both the items rated to offering clear and precise recommendation and conclusions. In self evaluation most executives assessed themselves either high or very high to offering clear and precise recommendation and conclusion.

Collectively, about 80% of executives had been rated either high 60% or very high 20% by the superior. While 15% of them are uncertain and rest 5% rated to low. In case of self-evaluation 100% of the executive have rated themselves either high 50% or very high 50%.

Table: 6
Comparative (Mean) Rating of Executives on Items Relating to Clarity

S. No.	Items	Mean Rating by	
		Superior	Executive (Self)
1.	Recommendation/Conclusion precise and Clear	2	1.6
2.	Recommendation/Conclusion lack clarity	3.7	3.9

Note: Scores of 1-2 indicate agreement with the statement and 4-5 indicate disagreement

Originality:

Under this factor most of the executives had been assessed by their superior either high or very high in the items relating to presentation of clues original in nature. While they assessed themselves in either high or very high categories with both the items relating to presentation of clues original in nature.

Collectively, 80% of executives had been assessed by their superior as either high 20% or high 60% and 100% of executives have assessed themselves in high 75% or very high 25% category.

Table: 7
Comparative (Mean) Rating of Executives on Items Relating to Originality

S. No.	Items	Mean Rating by	
		Superior	Executive (Self)
1.	Originality of Clues given	1.9	1.7
2.	Lack of originality of clues	3.6	4.2

Note: Scores of 1-2 indicate agreement with the statement and 4-5 indicate disagreement

Confidence:

There were only eight items under this factor. A majority of executive had been assessed by their superior either high or very high in all the items relating to offering of clues based on strong logic, carrying out responsibility with confidence, having confidence in suggestion given and bearing responsibility for the decision given. While in self-evaluation most of the executives had assessed themselves either high or very high.

Collectively, about 87% of executives have been rated either high 64% or very high 23% by their superior. While 10% of the executives are uncertain and rest 3% were related to low. 96% executive rated themselves either high 43% or very high 53%.

Table: 8
Comparative (Mean) Rating of Executives on Items Relating to Confidence

S. No.	Items	Mean Rating by	
		<i>Superior</i>	<i>Executive (Self)</i>
1.	Clues provided based on strong logic	1.8	1.6
2.	Clues provided not based on strong logic	4.1	4.5
3.	Carrying responsibilities with self Confidence	1.8	1.6
4.	Lacking self confidence in carrying responsibilities	4	4.8
5.	Avoiding responsibilities for decision given	3.8	4.5
6.	Ready to take responsibilities for decision given	1.7	1.4
7.	Confidence in Suggestions given	1.7	1.6
8.	Lack of Confidence in Suggestions given	2.1	1.8

Note: Scores of 1-2 indicate agreement with the statement and 4-5 indicate disagreement

Acceptability:

Under the acceptability factor most of executives had been assessed by their superior either high or very high in all six items related to acceptability of clues presented by executives, authenticity of job completed, acceptance of suggestion. In case of self-evaluation most of executives assessed themselves either high or very high in all the items related to acceptability.

Collectively, about 83% of the executives assessed either high 62% or very high 21% by their superior. While 15% of executives are uncertain category. 80% executives assessed themselves either high 48% or very high 40% While 12% of executives are uncertain category.

Table: 9
Comparative (Mean) Rating of Executives on Items Relating to Acceptability

S. No.	Items	Mean Rating by	
		<i>Superior</i>	<i>Executive (Self)</i>
1.	Acceptability of Clues given	1.8	1.8
2.	Non-acceptability of Clues given	3.9	4
3.	Authenticity of job completed	2	1.5
4.	Non-authenticity of job completed	4.1	4.3
5.	Acceptability of Suggestions	1.8	1.9
6.	Rejection of Suggestions	4.2	4.6

Note: Scores of 1-2 indicate agreement with the statement and 4-5 indicate disagreement

Economy:

A majority of executive under this factor assessed by superior either to be very high or high in both the items relating to cost incurred by the executives in completing the assignments, while they assessed themselves either to be high or very high.

Collectively, 85% executives had been assessed by superior either high 75% of very high 10%. While 10% of them uncertain and rest 5% rated low. About 100% of executive assessed themselves to be either high 45% or very high 55% category.

Table: 10
Comparative (Mean) Rating of Executives on Items Relating to Economy

S. No.	Items	Mean Rating by	
		Superior	Executive (Self)
1.	Incurs cost in completing assignment	3.7	4.8
2.	Completes assignment little cost	1.7	1.9

Note: Scores of 1-2 indicate agreement with the statement and 4-5 indicate disagreement

Decision Making Effectiveness under Various Factors:

Table No. 1, 2, 3, 4 and 5 only about 18% of the executives have been rated very highly effective in the various factors related to decision making by the superior. The corresponding figures were reported to be much higher both by the executives (45%) and the subordinates (28%).

About 5% of executives have been rated less effective in the various factors related to decision making by superior. Where as the corresponding figure was reported lower by the executives i.e. 2% but higher by the subordinates i.e. 9%.

And on the whole, a majority i.e. 84% of the executives has been rated highly effective in the various factors. The executives however, felt that the number was higher 93%. While once again the subordinates under rate the executives. According to them only 74% of executives are high in decision making effectiveness.

On a closer look, it is observed that the executives had rated themselves much higher than did their superior or the subordinate in the item, relating to correctness of executive decision; promptness in completing assignment and understanding of the problems being discussed.

However, in case of Independence the superior and executives had given equal rating which was higher than that given by subordinates.

In the factor relating to Acceptability of clues or suggestions, working Economically, Originality of clues, contribution towards the final decision, clarity in recommendation and conclusions and confidence in suggestions and decisions given, the superiors have rated the executives much lower than did the executives themselves.

Factor wise we see that executives have been lowly rated by subordinates in all the four factors pertaining to correctness of decision making, Independence of views and decision, promptness in job completed and understanding of problems by the executives. The rating in all the factors by the executives themselves high and their boss is much higher. This may be due to the fact that subordinate may not be in better position to analyze the executives and also personal grievances or other fact, may have biased their rating.

Table- 1
Rating of Executives by their Superiors Under Various Factors

S. No.	Factors	Executives in the Various Effectiveness Levels (%)			Mean Rating
		1-2	3	4-5	
1-	Acceptability	83%	15%	2%	1.96
2-	Clarity	80%	15%	5%	2.05
3-	Confidence	87%	10%	3%	1.91
4-	Contribution	90%	4%	6%	1.94
5-	Correctiveness	87%	13%	-	1.98
6-	Economy	85%	10%	5%	2.12
7-	Independence	70%	15%	15%	2.15
8-	Originality	80%	10%	10%	2.15
9-	Promptness	85%	5%	10%	2.15
10-	Understanding	95%	5%	-	1.80

Note: Scores of 1-2 denotes highly Effective and less Effective levels between 4-5

Table- 2
Self Rating by Executives Under Various Factors

S. No.	Factors	Executives in the Various Effectiveness Levels (%)			Mean Rating
		1-2	3	4-5	
1-	Acceptability	88%	12%	-	1.72
2-	Clarity	100%	-	-	1.50
3-	Confidence	96%	3%	1%	1.50
4-	Contribution	93%	-	7%	1.68
5-	Correctiveness	94%	2%	4%	1.67
6-	Economy	100%	-	-	1.45
7-	Independence	75%	15%	10%	2.05
8-	Originality	100%	-	-	1.75
9-	Promptness	90%	10%	-	1.50
10-	Understanding	100%	-	-	1.40

Note: Scores of 1-2 denotes highly Effective and less Effective levels between 4-5

Table- 3
Rating of Executives by their Subordinates Under Various Factors

S. No.	Factors	Executives in the Various Effectiveness Levels (%)			Mean Rating
		1-2	3	4-5	
1-	Correctiveness	56%	35%	9%	2.34
2-	Independence	64%	7%	29%	2.54
3-	Promptness	85%	1%	14%	2.08
4-	Understanding	89%	6%	5%	1.94

Note: Rating between 1-2 denotes highly effective and between 4-5 less Effective levels.

Table- 4
Comparative Mean Rating of Executive Under Various Decision Making Factors

S. No.	Factors	Mean Rating (1-5) by		
		Superior	Executive (Self)	Subordinate
1-	Acceptability	1.96	1.72	-
2-	Clarity	2.05	1.50	-
3-	Confidence	1.91	1.50	-
4-	Contribution	1.94	1.68	-
5-	Correctiveness	1.98	1.67	2.34
6-	Economy	2.10	1.45	-
7-	Independence	2.35	2.05	2.54
8-	Originality	2.15	1.75	-
9-	Promptness	2.15	1.50	2.08
10-	Understanding	1.80	1.40	1.94

Note: Rating between 1-2 denotes Highly Effective and between 4-5 less Effective Executive

Table- 5
Level of Decision Making Effectiveness of Executives

S. No.	Rating by	Executives in the Levels (%)			Total %
		1-2	3	4-5	
1-	Superior	85.75	10.00	4.25	100.00
2-	Executive (Self)	93.75	3.75	2.75	100.00
3-	Subordinates	70.60	12.70	16.70	100.00

Note: Rating between 1-2 denotes Highly Effective and between 4-5 less Effective levels.

In factor correctness of executives decision, promptness in completing assignment, understanding of the problems being discussed, clarity in recommendations, originality of clues, confidence in suggestion and decision given, acceptability of clues or suggestions and working economically, the executives have been rated lower by their superior to what they did themselves. But in factor relating to contribution towards the final decision the executives were rated high by boss to what the executives themselves did.

However, in factor independence of views, clues and decision taken rating done by superior and executives themselves are same.

Conclusion:

Conclusion drawn from result, and discussions are that subordinate have rated the executives lower to what executives and superior did. The executives had rated themselves higher then did their superior. Thus, one can say that subordinates have under-rated the executives

Since, it's not possible for a person to analyze or assess himself accurately, as many things count such as over or understanding oneself bias shown in one way or other, the judgment or result shown by superior will be taken as standard one. Moreover, superior being boss of executives is in better position to assess the executives accurately and this being the standard it can be said that less than 85% executives are really good in decision making. While about 5% are poor or really poor in the ability. Considering this, it will not be out of

place to recommend that executives in T.H.D.C.Ltd. in special and in others in general should be given practical experience in problem solving during training.

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