**LESSON 15: DECISION-MAKING IN GROUPS**

**Introduction**

This lesson consists of:

1. Decision-Making in Groups

2. In-class Exercise Situations

**Assignment**

1. **Read Course Guide**, pages 2 - 7.

2. **Read** the five In-class Decision-Making Exercises.

3. When you solve a case study or act as a leader in your organization:

I. ***Identify*** the **Areas of Interest**.

II. ***Analyze*** the situation using the Normative Decision-Making Model.

A. ***Classify*** the Decision-Making style used by the leader in the situation.

B. ***Identify***, using the applicable Acceptance and Quality Rules, what the appropriate Decision-Making style should be for the situation.

III. ***Explain*** how the leader’s action (the Decision-Making style the leader selected) affected the group’s individual, group, and organizational outcomes given the situation’s Acceptance and Quality requirements.

IV. ***Select*** an appropriate theoretical leader strategy(ies) to address Areas of Interest.

V. ***Apply*** the theoretical leader strategy(ies) to the situation in the form of a specific leader plan that addresses all Areas of Interest.

VI. ***Assess***, evaluate, and revise your leader plan.

**DECISION-MAKING IN GROUPS**

Incorporating followers into the decision-making process is a complex issue. Over the past forty years, extensive scholarly research has aimed to identify the guidelines for when and how often followers should be involved in decision-making, as well as the advantages and disadvantages associated with this process. This reading is designed to familiarize you with these findings, ultimately helping leaders make better decisions.

The implementation of participative decision-making (often referred to as collective problem-solving) has an unclear relationship with productivity. In fact, when productivity is the measured variable, about half of all studies indicate that follower participation in decision-making is just as likely to decrease or have no effect on productivity as it is to increase it. On the other hand, the same research shows that when worker satisfaction is measured, follower participation consistently leads to increased satisfaction among followers. In summary, while productivity may or may not improve with participation, satisfaction and morale consistently rise when followers have a voice in decisions that affect them.

The primary question is who should be included in decision-making situations and how many followers should participate. The answer depends on understanding the relative advantages and disadvantages associated with participative decisions. Additionally, a leader must apply decision-making rules that align the level of participation with the personalities involved and the tasks at hand. Research in this area indicates that effective participative decisions are contingent upon a unique set of leader and situational variables.

**Assets**

Including followers in the decision-making process can lead to several advantages:

1. Increased Understanding and Acceptance: When followers are involved, they tend to understand better and accept the decisions made.

2. Enhanced Commitment and Implementation: Their involvement fosters greater commitment, leading to more effective implementation of those decisions.

3. Improved Adaptability: By being aware of the logic and reasoning behind decisions, followers are better equipped to modify those decisions when unforeseen changes occur, while still aligning with the original intent.

4. Feelings of Autonomy and Task Significance: Participation in decision-making fosters a sense of autonomy and enhances the significance of their tasks, which are essential core job dimensions.

5. Social Pressure for Compliance: Once a decision is reached, there is often a strong social pressure for group members to comply, which reinforces team identity.

6. Better Communication Channels: Involving followers establishes a viable communication channel between leaders and their teams.

7. Expanded Knowledge Base: Groups generally possess a broader knowledge base, enabling them to tackle a more diverse range of problems.

**Liabilities**

Unless managed effectively by the leader, participative decision-making can pose several potential liabilities:

1. It requires more time than decisions made solely by the leader.

2. It may create the impression that the leader lacks competence.

3. It assumes that followers possess skills and abilities relevant to the decisions being made.

4. It could lead followers to have unrealistic expectations about being consulted on all decisions.

5. Strong-willed individuals may dominate the discussion, resulting in biased outcomes.

**Normative Model of Decision Making**

How can we maximize our assets while minimizing liabilities? A systematic way to achieve this goal is through the Normative Model of Decision Making.

The Normative Model discusses how much a leader should involve group members in the decision-making process. It adopts a contingency approach to decision-making. According to this model, some decisions are best made by the leader alone (autocratic), some require input from others (consultative), and some are better left to the group as a whole (group decision-making).

The model outlines five specific decision-making styles:

1. Autocratic (AI): The decision maker alone solves the problem or decides.

2. Autocratic (AII): The decision maker gathers necessary information from followers and then makes the decision. Followers may or may not be informed about the problem.

3. Consultative (CI): The decision maker shares the problem with followers individually, collecting their ideas and suggestions. The final decision is made by the leader, which may or may not reflect the followers' input.

4. Consultative (CII): The decision maker shares the problem with the group as a whole, gathering their ideas and suggestions collectively. The leader then makes the decision, which may or may not consider the influence of the group.

5. Group (GII): The decision maker presents the problem to the group. Together, they generate and evaluate alternatives to reach a consensus on a solution. The leader acts like a chairperson, without trying to influence the group to accept their solution, and is open to any solution that the entire group supports.

While other decision-making strategies exist, these five styles are particularly relevant for organizational leadership situations.

Determining the appropriate level of follower participation in the decision-making process depends on a set of conceptual rules developed by the authors of the Normative Model. These rules are designed to enhance both the quality and acceptance of decisions and are referred to as quality rules and acceptance rules.

**Quality Rules**

1*. Leader Information Rule.* If there’s a quality requirement, and the leader lacks the information to make a high-quality decision, the leader *should not* use AI.

2*. Goal Congruence Rule.* If there’s a quality requirement, and followers don’t share organizational goals, GII *should not* be used.

3*. Unstructured Problem Rule.* If there’s a quality requirement, the leader lacks the information, and the problem is unstructured, the leader *should* take advantage of the assets of group problem-solving by using CII or GII.

**Acceptance Rules**

4*. Acceptance Rule.* If the acceptance of the decision is critical but not likely, then the leader *should not* use an autocratic style (not AI or AII).

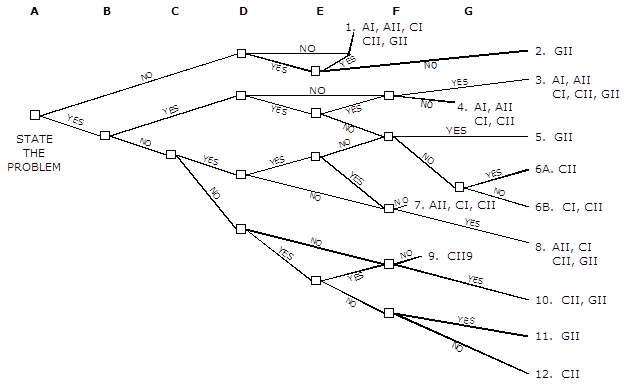
5*. Conflict Rule.* If acceptance of the decision is critical but not likely, and followers are likely to disagree among themselves about the decision, the leader *should* use CII or GII to allow open discussion of the differences.

6*. Fairness Rule.* If there’s no quality requirement, and acceptance is critical, but not likely, GII *should* be used to maximize the probability of acceptance.

7*. Acceptance Priority Rule.* If acceptance is critical but not likely, and followers share the organizational goals, then the leader *should* use GII.

To assist leaders in applying these rules, we have created a decision process flow chart, as shown in Figure 24. The procedure for using this decision tree is straightforward. First, the leader states the problem, then follows the decision tree, stopping at each relevant node to answer the indicated question. These questions are derived from the decision rules mentioned earlier, ensuring compliance with each rule as the branches of the decision tree are followed. When responding to the questions in the specified order, the leader simply indicates whether the attribute is present by answering "yes" or "no." If the leader is uncertain, they should refer back to the applicable decision rule. We will review each of the critical questions here, and you may want to refer to Figure 24 simultaneously to understand the relationship between the questions and the decision strategies.

**Figure 24. Decision Process Flow Chart**



**Question A:** Is there a quality requirement that makes one solution more rational than another? This emphasizes the importance of identifying a high-quality solution, separate from the need to meet group acceptance criteria.

A “yes” response indicates that some solutions are superior in achieving external objectives (such as being less costly or more likely to succeed). The decision-maker may not know which action is the best but recognizes that the choice will significantly impact the outcome. Conversely, a “no” response suggests that, within the constraints of the problem, the decision-maker may be indifferent to different solutions, as long as they are acceptable to those affected. In this case, there is no technical or rational basis for selecting one solution over another based on its contribution to achieving external goals.

**Question B:** Does the leader have enough information to make a high-quality decision? This pertains to whether the decision-maker possesses sufficient information (not necessarily the best) and expertise related to the technical aspects of the problem, allowing them to solve the issue without assistance from followers. Is there enough information for the decision-maker to achieve external objectives?

A “yes” response indicates that the leader has access to adequate information. A “no” response suggests that the leader needs input from others.

**Question C:** Is the problem structured? Structure refers to how clear-cut the problem is in terms of procedures, progress, and measurability.

A “yes” response indicates that the available alternative courses of action and evaluation criteria are obvious to the leader or that the process of gathering information is straightforward. A “no” response suggests that the alternatives are not immediately apparent and must be developed, often indicating difficulties in defining the problem itself.

**Question D:** Is Acceptance of the Decision by Followers Critical to Effective Implementation? This question addresses the significance of gaining acceptance or commitment to the solution or decision ultimately made.

A "yes" response indicates that the success or failure of the decision depends on the enthusiastic support of followers. If the followers are responsible for executing the decision and will need to use their initiative, judgment, and critical thinking, or if they feel strongly enough about the decision that they might oppose its implementation (or even leave the organization), then the response should be "yes."

Conversely, a "no" response suggests that the followers will not be involved in executing the decision or that they will simply carry out a set of routine and preplanned steps. In this case, any unilateral decision will likely be met with indifference on their part.

**Question E:** If the leader makes a unilateral decision, will it be accepted by the followers? There are certain circumstances in which a leader's autocratic decision will be undoubtedly accepted. The leader's power is a crucial factor in this acceptance. If the leader possesses enough legitimate power, followers may feel that it is appropriate for the leader to make the decision. Similarly, if the leader has substantial expert power, followers may recognize that the leader has greater knowledge or expertise on the relevant technical issues. Additionally, if the leader has significant referent power—where followers greatly admire and value the leader's approval—they may be willing to accept an autocratic decision.

A "yes" response indicates that the leader believes followers would accept unilateral decisions. A "no" response suggests that the leader is uncertain whether followers would accept a decision they were not involved in.

**Question F:** Do followers share the organizational goals that need to be achieved in solving this problem? This question pertains to the extent to which followers are motivated to pursue a solution that aligns with the organization's goals rather than their interests.

A "yes" response indicates that followers would strive to promote organizational objectives. A "no" response implies that followers might prioritize their personal goals over the organization's goals, potentially opting for solutions that are easier or more comfortable for them.

**Question G:** Is conflict among followers likely regarding their preferred solutions? This question addresses whether a leader can expect disagreement among followers regarding solutions to problems. Will followers have significantly differing opinions about the solutions?

A "yes" response indicates that the leader believes such conflict may exist. A "no" response suggests that such conflict is unlikely.

Depending on the sequence of the leader’s responses, one of twelve terminal nodes will be reached. At each of these nodes is a feasible set, or listing, of decision processes that do not violate any of the decision rules. When the feasible set contains more than one option, the leader is free to choose any of them without breaking a rule.

To assist in making this selection, the authors suggest that time may serve as an additional criterion. If time is critical, the leader may opt for the most autocratic process within the feasible set (e.g., for node 8, AII). Conversely, if time is not a pressing concern and the leader is more focused on follower development, the most participative process should be chosen (e.g., for node 8, GII). Once the appropriate decision action is determined, the leader can employ other strategies to arrive at an actual solution to the problem.

Unfortunately, there are two significant issues with the Normative Model. First, while its authors cite evidence that leaders trained to use the model demonstrate better decision-making capabilities, the relationship between the Normative Model and organizational performance has not been established. Can the Normative Model predict group performance or instruct leaders on how to enhance performance by using the recommended decision processes?

The second issue is that the model assumes a high degree of flexibility on the leader’s part. Like other models that advocate changes in leader behavior, we must consider whether leaders can genuinely shift from an autocratic style to a fully participative approach, or vice versa. As one pair of authors points out, “Experience suggests that some people have a great deal of difficulty allowing others to engage in the decision-making process, while others find it challenging to make decisions without extensive consultation and discussion.”

What has been your experience with this issue? Remember it, as it will resurface in the next area.

**In-Class Decision-Making Exercise**

The following collection of situations provides the opportunity to apply the Vroom-Yetton Normative Model of Decision-Making. For this lesson, follow the process described in our reading for this lesson to solve each situation. More specifically, for **each** situation:

I. ***Identify***the **Areas of Interest**.

What decision is required in this situation?

II. ***Analyze*** the situation using the Normative Decision-Making Model.

Using the applicable Acceptance and Quality Rules, what is (are) the appropriate Decision-Making style(s) for the situation? If you use the flow chart in Figure 24, write down the answers to each applicable question. If you use the rules, note which rules apply.

Note: Steps II.A. and III. (see page 271) are not required in these cases as you are not analyzing a dysfunctional situation and subsequently supplying a correct leader action. Rather, in these situations, you are only supplying a theoretically correct leader action***.***

IV. ***Select*** an appropriate theoretical leader strategy(ies) that would be effective in this situation.

From your analysis above, which leader decision-making style(s) addresses the Area of Interest?

V. ***Apply*** the theoretical leader strategy(ies) to the situation in the form of a specific leader plan that addresses all Areas of Interest. The plan should be realistic and holistic, address all the Areas of Interest you have identified, and translate the theoretical leader strategies into action. What will you do and say to whom, when, where, and how?

VI. ***Assess*** the effectiveness of your leader plan and revise as needed. After your leader plan, list the measures you would use to evaluate your actions. In this step, leaders need to ask, “What information do I need to tell whether or not my leadership is having the desired effects? How will I obtain the information I need? How can it be generated? Who can help me get what I need? How often should I collect data and in what form?”

**Situation 1**

Setting: Manufacturing Organization

Your position: Assistant Vice-president

Your New York office has recently appointed you assistant vice-president, and you are responsible for the firm’s Midwest manufacturing operations. Your office will be located in a new plant that is presently under construction outside of Chicago. Your team of five department heads has been selected and they are now working with you in selecting their own staff, purchasing equipment, and anticipating the problems that are likely to arise when you move into the plant in three months.

Yesterday, you received a final set of plans for the building from the architect, and for the first time, you examined the parking facilities that are available. There is a large lot across the road from the plant intended primarily for hourly workers and lower-level supervisory personnel. In addition, there are seven spaces immediately adjacent to the administrative offices, intended for visitors and reserved parking. Company policy requires that a minimum of three spaces be made available for visitor parking, leaving you only four spaces to allocate between yourself and your five department heads. There is no way of increasing the total number of such spaces without changing the structure of the building.

Up till now, there have been no obvious status differences among your team members, who have worked together very well in the planning phase of the operation. There are, however, salary differences, with your administrative, manufacturing, and engineering managers receiving slightly more than the quality control and industrial relations managers. Each has recently been promoted to his new position and expects reserved parking privileges as a consequence of his new status. From past experience, you know that people feel strongly about things that are indicative of their status. So far you and your followers have been working together as a team and you are reluctant to do anything that might jeopardize these relationships.

Circle the Decision Process you would use in this case.

AI AII CI CII GII

Explain your choice.

**Situation 2**

Setting: Corporate Headquarters

Your Position: Vice-president

The sales executives in your home office spend a great deal of time visiting regional sales offices. As marketing vice-president, you are concerned that the expenses incurred on these trips are excessive, especially now when the economic outlook seems bleak and general belt-tightening measures are being carried out in every department.

Having recently been promoted from within your workgroup, you are keenly aware of some cost-saving measures that could be introduced. In fact, you have asked the accounting department to review a sample of past expense reports, and they have agreed with your conclusion that several highly favored travel luxuries could be curtailed. Your executives, for example, could restrict first-class air travel to only those occasions when economy class is unavailable, and airport limousine service to hotels could be used instead of taxis where possible, etc. Even more savings could be made if your personnel carefully planned trips so that multiple purposes could be achieved when possible.

The success of any cost-saving measures, however, depends on the commitment of your employees. You do not have the time (nor the desire) to closely review the expense reports of these executives. You suspect, though, that they do not share your concerns over the matter. Having once been in their position, you know they feel deserving of travel amenities.

The problem is to determine which changes, if any, are to be made in current travel and expense account practices in light of the new economic conditions.

Circle the Decision Process you would use in this case.

AI AII CI CII GII

Explain your choice.

**Situation 3**

Setting: New Division

Your Position: Purchasing Agent

Recently a new division has been established that consists of three plants recently bought from three other companies. You are the purchasing agent for that division and as such, have coordinating responsibility for the three plant purchasing agents. The job specifications and organization chart for the new division, however, give you no formal authority over the agents, who report directly to their own plant managers.

Two weeks ago at a meeting that you attended, concern was expressed by the plant purchasing agents about the problems that have been occurring in inter-plant purchases. The different coding procedures and formats used by the companies prior to acquisition are still in use and are causing, as a result of misunderstandings, errors in shipments between plants. At the meeting, feelings were running high, and each agent was attributing blame for the errors to the other agents. The outcome of the meeting, however, was a view that the problem could be solved by a universal format for implementation in all of the plants. Naturally, each agent would prefer the system to which he has been accustomed and, in recognition of their likely inability to resolve this issue without further disagreement, they asked you to resolve the issue by selecting a universal format for use in all plants.

You have examined each of the formats in use and can see no advantage in retaining any particular system either for technical reasons or because any plant handles substantially more inter-plant purchases than any other. The next meeting of this group is on Friday. It would be highly desirable if the issue could be resolved at that time.

Circle the Decision Process you would use in this case.

AI AII CI CII GII

Explain your choice.

**Situation 4**

Setting: Corporate Headquarters

Your Position: Departmental Administrative Assistant

As a result of declining profits, all departments in the company have been asked to trim non-essential expenditures. You are the administrative assistant in one department and have responsibility for the secretarial staff and their equipment. You have decided to investigate the department’s need for the large, fast, and highly flexible copier that it’s currently using. If it could be replaced with one of several cheaper machines on the market, a substantial cost saving could be affected. You have the specifications for both the present and smaller machines, and the salesmen have advised you of various factors which should govern the choice of machine, including utilization rates, number of copies required, and fidelity of reproduction necessary. The secretarial staff can easily provide you with these data.

The secretaries would like to retain the present machine. They are much less concerned than you about cost and are very cognizant of the many advantages the larger machine offers in ease of operation. If you installed the smaller machine, they might need to improvise on some jobs or take the work over to another department, which would waste a lot of time. The staff could make life difficult for you by using any excuse to go over to the other department. The potential waste of time involved would mean that you would have to rule on each individual case, as no general set of regulations could be established to cover all contingencies.

Even though they will obviously be affected, all the secretaries know what a substantial amount of money is involved and believe that making these decisions is what you are paid for. It is an office joke that none of them would want your job and its responsibilities.

Circle the Decision Process you would use in this case.

AI AII CI CII GII

Explain your choice.

**Situation 5**

Setting: Bank

Your Position: President

You are president of a small but growing Midwest bank that has its head office in the state capital and branches in several nearby market towns. The main banking functions are all related to agriculture. The location and type of business are factors that contribute to the emphasis on traditional and conservative banking practices at all levels.

You have recently acquired funds to permit the opening of a new branch. You believe there is no way to be certain that a new site will be successful, but you know from past experience that there are common sense criteria that can be applied to its selection. Your staff has provided you with a survey of suitable real estate opportunities in a number of communities in which you are interested. You have also received the results from a modest market survey of these areas performed by an outside agency at your request. Your experience in banking tells you this information, once integrated, is sufficient to make the decision.

Given their field experience, your branch managers are also quite knowledgeable about the areas in question. Many of the prospective sites, however, are sure to take some of the business from the existing branches; an outcome your current managers would unanimously oppose. You think they might support a distant site that will have minimum impact on their status quo operations. In terms of the bank’s overall profitability, however, this might not be the most favorable site.

Your branch managers, nonetheless, realize that this decision is part of your responsibility. They are also aware that their roles in setting up the new facility will be minimal. No major reassignment of personnel is expected.

Circle the Decision Process you would use in this case.

AI AII CI CII GII

Explain your choice.

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