

**THEORETICAL AND METHODOLOGICAL PRINCIPLES OF
THE MANAGERIAL DECISION-MAKING PROCESS
AT ENTERPRISES**

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The article, basing on the generalization and systematization of the existing interpretations of the “managerial decision-making process” concept introduces the author’s understanding of this process’s essence. The main approaches to the phasing of the managerial decision-making process on the enterprise are considered, and the eight main stages are defined. The article gives evidence that the models’ development is an integral part of the modern enterprise activities, which contributes to the efficiency increase and managerial decision-making acceleration.

The competitiveness of any business entity depends on the managerial decision-making efficiency throughout the organization as a whole, as well as in the certain areas of its activities, including the financial management. The decisions’ development and making have its own peculiarities at each enterprise, determined by the specific nature of the enterprise’s activities, organizational structure, current communication system, and internal culture. Nevertheless, there is the general core, that forms the decision development and making technique used by any organization. The business management system, which

must react quickly and flexibly to all the business environment changes, ensuring the enterprise efficiency growth, is formed on the basis of this particular core. In this view, the improvement of the managerial decision-making process is one of the research priorities in modern science and practice.

The issues of the managerial decisions' essence, approaches to decision-making and the problems of managerial decision-making process efficiency are considered in the scientific studies of many scholars, including: Yu.I. Bashkatova, I.B. Hevko, K.Yu. Holovkova, I.E. Davydovych, O.A. Zaitseva, N.V. Zlobina, V.O. Koyuda, Pryimak V.M., E.V. Pyrogoва, A.A. Radugin, N.I. Rohacheva, V.D. Rohozhyn, I.I. Khmelenko, V.I. Khomiakov, M.V. Chabanna, O.G. Chuvardynskyi, A.M. Chuikin and others. However, the theoretical and methodological approaches to the managerial decision-making improvement in the system of efficient enterprise management in general and its financial flows in particular have not got the sufficient development in the theory and practice.

It should be noted that today the term “managerial decision” is used in two main meanings: as a phenomenon, managerial decision is represented in a complex of measures designed to solve the problem at issue in the form of a resolution, a decree in oral or written form; as a process, a managerial decision involves the consistent fulfillment of certain procedures, phases or stages.

Analysis of the theory and practice of various business units economic management has given the opportunity to establish that for today there is no consensus among scientists regarding the concept of “the managerial decision-making process” (Table 1).

Investigation of scientific research made by economists has allowed us to highlight a number of debating points. Thus, some interpretations ignore phasing of managerial decision-making process (Pryimak V.M.), while others ignore their goals (Hevko I.B., Uchytel Yu. H, Ternovoi A. I., Ternovoi K.I., Simenko I.V.) There are also the scientists, who trying to reflect the process complexity to the full extent, excessively elaborate it and as a result make the definition to intricate and difficult to understand (Zlobina N. V.).

Table 1 – Analysis of the scientific approaches to the “managerial decision-making process” concept definition

Author, reference	The concept essence
Pryimak V.M. [1, p.64]	a sequence of activities aimed to make the rational choice of the optimum alternative in order to achieve the desired goal
Hevko I.B. [2, p.22]	a set of activities, consistently repeating, consisting of separate stages, procedures, operations
Uchytel Yu.H., Ternovoi A.I., Ternovoi K.I. [3, p.103]	a complex and systematic process, which consists of a number of stages and phases, a system of problems, a system of decisions, a system of decisions' implementation logically following in sequence
Simenko I.V. [4, p.173]	a process of sequential managerial activities for which assessment the process quality criteria are required
Zlobina N.V. [5, p.20]	the business entity's cyclic sequence of activities, which is aimed to solve the organization problems and involves the situation analysis, alternatives generating, decision-making and organization of its implementation

Taking into account the highlighted above certain defects of existing definitions of the “managerial decision-making process” concept there is the need to develop the interpretation of this process. Thus, in our opinion, the managerial decision-making process is a set of sequential activities, which consists of separate stages and procedures, aimed at a rational choice of the optimum alternative in order to achieve the desired goal or solve organization problems.

It is impossible to understand the essence of the “managerial decision-making process” concept without the detailed analysis of its stages. The managerial decision-making process can vary greatly depending on the specifics of the enterprise performance, its structural organization and communication

systems. Despite this there are generally accepted main stages of the managerial decision-making process. The analysis of the scientific papers on the issue has given the opportunity to summarize the results of their studies in Table. 2. The Table 2 gives the evidence that the scientists determine sufficiently large list of the main stages of the managerial decision-making process. However, in our opinion, it is important to identify the stages that are the basis for managerial decision-making at any enterprise, regardless of its activities' features, the internal and external environment of its performance. In this view we propose to unify such stages as: collection of information about possible problems, identification and definition of the problem, formation of goals and strategies to solve the problem situation, collection of the necessary information and its analysis, into one stage named problem identification collection of information about it. We believe that these phases are interrelated and complement each other, and therefore it is reasonable to unify them to avoid unnecessary burdensomeness. If necessary, the stages mentioned above can be considered as sub-items, but such a division should be made taking into account the specifics of the particular enterprise performance.

Such stages as the formation of limitations and selection criteria as well as the alternatives generating should remain unchanged, as they are the basis of any managerial decision-making process. In our opinion it is also necessary to join such stages as the prior option of the best alternative and the alternatives expertise to the stage of alternatives assessment. This is due to the fact that the alternatives expertise and the prior option of the best alternative correspondingly are made during the process of alternatives assessment. Taking into account the fact that the choice of a single solution is an integral part of the managerial decision-making process, this stage should remain unchanged. It is necessary to broaden the stage of the decision agreement with corporate and executive bodies by the decision implementation plan development and its final formatting as the plan is developed and the final result of the decision is formed exactly in the process of decision agreement.

Table 2 – The main stages of the managerial decision-making process defined by different scholars

№	Stage title	Reference					
		[1]	[2]	[5]	[6]	[7]	[8]
1	Collection of information about possible problems	+		+			
2	Problem identification and definition	+	+	+	+	+	+
3	Formation of goals and strategies to solve the problem situation	+	+			+	+
4	Collection of the necessary information	+	+			+	
5	Information analysis	+				+	+
6	Formation of limitations and selection criteria	+		+	+	+	+
7	Alternatives generating	+	+	+	+	+	+
8	Prior option of the best alternative					+	
9	Alternatives assessment				+	+	+
10	Alternatives expertise					+	
11	Choice of a single solution	+	+	+	+	+	+
12	Decision agreement with corporate and executive bodies			+		+	
13	Final formatting					+	
14	Decision implementation	+	+	+		+	
15	Control and assessment of decision implementation		+	+			

Taking into account the mentioned above, in our opinion, managerial decision-making process is detailed by stages, the succession of which is represented in Fig. 1. It is precisely this phasing of the managerial decision-making process, which, in our opinion, is the most complete and reasonable, ensuring efficient managerial decision-making and implementation.

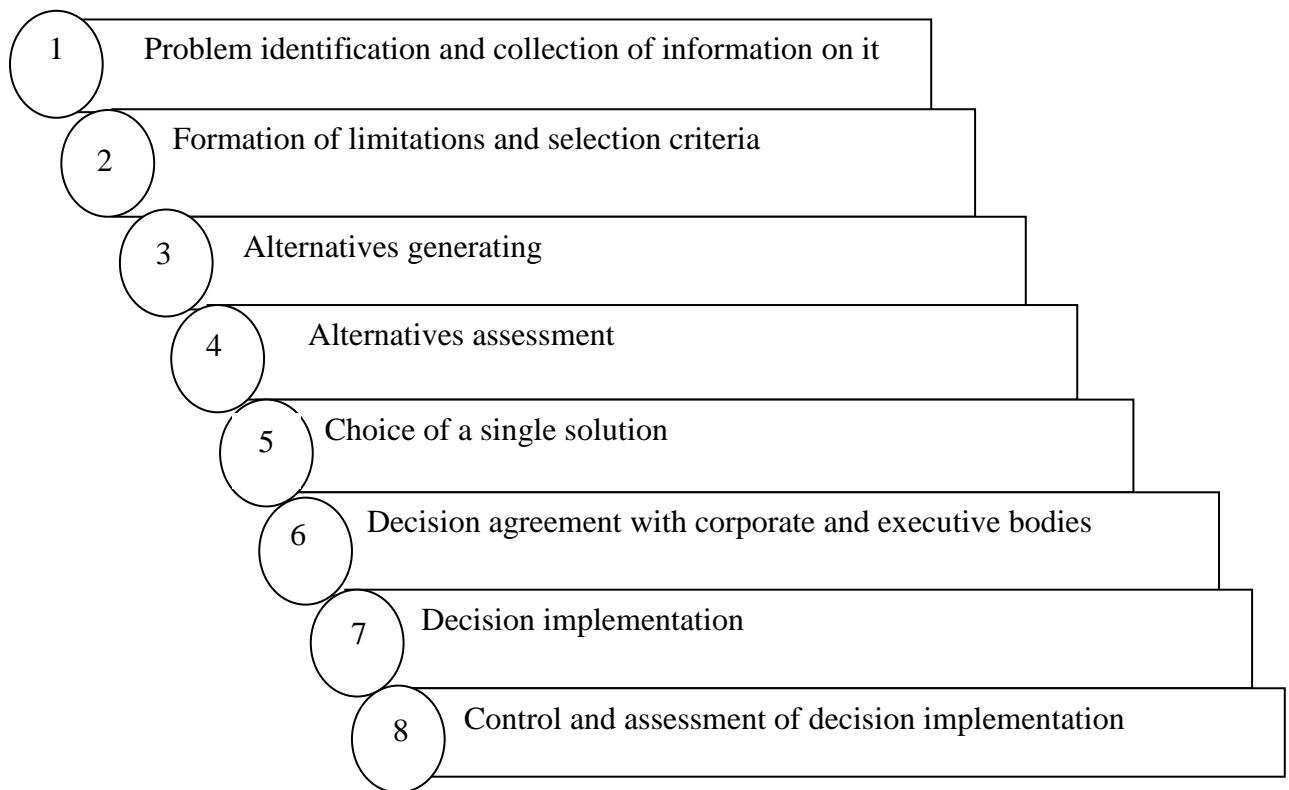


Fig.1. Main stages of managerial decision-making process

The rational decisions development is a sphere of managerial art, as it involves option of the right methods and techniques that have the maximum potential of influence in the particular situation.

The current practice of managerial decision-making shows, that objects of managerial decision-making in the Ukrainian manufacturing enterprises often neglect a certain succession of decision preparation and making in the routine management activities, that provides the need to develop and bring to the management of manufacturing enterprises a modern concept of managerial decision and preparation [9]. The faulty identification and analysis of the problem situation, the formation of inadequate goals and objectives, the inappropriate problem solving method choice and, as a consequence, the non-optimal managerial decision choice can be result of such incompetence. That is why the particular attention must be paid to the reasonable, phased process of effective managerial decisions preparation and making in order to increase the efficiency of enterprise performance.

The modern managerial decision-making techniques, grounded on analytical and informational basis, provides the flexibility and efficiency of the business unit performance and the possibility of its further existence in a stiff competitive environment. Thus, the emergent approaches and methods, aimed at alternatives assessment with the highest degree of systematization and analysis, are being developed. Models are the basis of such methods of managerial decision-making. It is decision modeling that forms a serious informational and methodological basis of its structural analysis, needed to improve the managerial process, and hence – to increase the management activity level in general [1, p. 83]. At the same time, each model should be checked for reliability, accuracy and completeness on a periodic basis. Reliability check is required to work with it under real time conditions. The model accuracy characterizes the coincidence degree of the original parameter description with the true value of these parameters. The more accurate the model is, the more expensive it is. The accurate model does not ensure the preparation of an effective decision, as a person may misunderstand or disagree with the model recommendations [10, p. 147]. It should be noted that the number of possible managerial models can be as large as the number of problems for which solutions they are provided. Inventory models, queueing models, linear and nonlinear dynamic programming models, graphical and analytical models of economic analysis, network models, mathematical models factored in time, risk, etc. are the most widespread among the managerial models [6, p. 239].

At the moment scientists define the next main conceptual models which describe managerial decision-making process [1; 2; 5; 7]:

- normative models, which describe the behavior strategy in the decision-making process focused on the given criterion;
- descriptive models, designed to describe and explain the phenomena that are actually observed or to predict these phenomena;

– inductive models, developed on the basis of the generalization of the observations over singular fractional facts, which are considered to be important for managerial decision-making;

– deductive models, based not on the analysis of concrete facts, but on the reduced system of hypothetical situations;

– problem-oriented models, designed on the basis of the immersion of the new modeling techniques applied to a particular decision-making problem situation;

– decision models, which are developed taking into account their testability possibilities, as well as the modern management technologies possibilities, and are aimed to solve the most important managerial tasks;

– one-period models, based on the assumption that the sum of optimal unit decisions in separate decision-making periods also provides an optimal solution.

– multi-period models, which involve a comprehensive decision of the managerial problem, taking into account the whole managerial decision-making period;

– single-purpose models, which have a well-defined objective or several goals aggregated into single target set, which achievement an organization seeks;

– multipurpose models, which allow to achieve several independent goals, which cannot be reduced to a single complex target;

– deterministic models, which final results are unambiguously determined by management activities;

– stochastic models, when specifying a certain values at the model input a various results can be obtained on the model output depending on the random factor effect.

Thus, each of these models is aimed to solve certain problem issues that may occur at the enterprise during its performance. In particular, the inventory model is aimed to provide the highest level of customer service with minimizing

operating costs associated with inventory holdings. The efficiency of the inventory holdings usage influences the state and dynamics of enterprise's assets, its circulation and profitability, and the resources structure and financing conditions of inventory holdings affects the level of an enterprise's financial stability [7, p. 62]. Models of economic analysis include models designed to determine the breakeven conditions, to provide the targeted returns or profitability, and boundary models, etc. They give the possibility to reveal the influence of the cost structure, prices, inflation, production volumes and other factors having impact on the results of economic activity [6, p. 242]. The model of linear programming, which is one of the most advanced spheres of mathematical programming and optimization theory, is increasingly used in the process of the enterprise's investment attractiveness assessment. Decision procedures of linear programming are the method of potentials, simplex and binary method [12, p. 79]. Models factored in time allow to take into account the economic inequivalence of costs and results which are heterogeneous in time. If the decision options differ in terms of implementation period, it is necessary to use the time factor for their assessment, as it is incorrect to compare money in different periods of time without presenting them in a certain single form [6, p. 305].

Thus, the development of models is an integral part of a modern enterprise performance, which facilitates to increase efficiency and accelerate the managerial decision-making process. They help to improve the enterprise's management system as a whole and, as a consequence, have the direct influence on its profitability and competitiveness. A great number of models allow to solve various managerial problems basing on technological and analytical approaches, that facilitate the managerial decisions validity increase and minimize the influence of subjective factors.

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