Value of the decision-making mechanism in business management

Galina Fedorova*, Sergey Borisov, Svetlana Zakharova, Irina Makarycheva, and Tatyana Rusakova
Lobachevsky University, Lenin Avenue, 27, 603136 Nizhny Novgorod, Russia

Abstract. The article discusses the essence and significance of the decision-making mechanism in business management. Highlighted and given the characteristics of the main components of management decisions, which largely determine the assessment and selection of the optimum strategy for managing the activities of the organization. The assessment of the influence of the internal and external environment of the company both on the process of making a managerial decision and on the quality of the decision itself is given. The stages of the mechanism for making managerial decisions are investigated and, depending on the level of decision making, only the steps are considered that are required to solve the managerial problem. Methods or groups of methods are identified that are most effective at each stage of the process, both on the basis of assessing their advantages and disadvantages, and systematization and generalization of theoretical and practical experience. Studies have shown the dependence of the level of managerial potential, which determines the quality of decisions made, on the managerial level, professional competencies of the manager. It is concluded that it is required to use an integrated approach based on a systematic analysis of the assessment and selection of optimum business management methods at each stage of the business management decision-making process.

1 Introduction

The world economy is currently undergoing significant difficulties. The situation with the coronavirus, which affected all sectors of the economy, played a large role in this regard. Both state and private companies faced serious challenges. To solve the problems that have arisen, the business must find additional reserves, including internal ones. And more than ever, management based on the adoption of effective management decisions is becoming a priority issue not only of survival, but of the strategic development of any business. Management, making the best management decisions in the current environment, makes the company more prepared for threats in the future and allows it to take advantage of emerging opportunities more quickly than its competitors. Thus, receiving certain competitive advantages in the market, which undoubtedly strengthens and develops the organization’s position in the market [1,2].

* Corresponding author: galina052011@yandex.ru

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Methods of the mechanism for making managerial decisions

The practice has shown that, depending on the stage of making a managerial decision, one or another method is most effective. Table 1 shows the most effective methods for making management decisions at each stage of the management decision-making process, i.e. in the current conditions, giving the greatest effect at the lowest cost. This classification of methods depending on the stages of the decision-making mechanism for managing the company’s activities is presented on the basis of a generalization of practical and theoretical research by various authors. [1, 3-6]. Moreover, during the period of the pandemic, there were special conditions for the formation of skills in the use of economic and mathematical models in making managerial decisions [2].

Table 1. Stages and methods of the management decision-making process.

| Stage                                           | Characteristic of a stage                                      | Methods/groups of methods for making management decisions                                                                 |
|------------------------------------------------|-------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| Definition of a problem                         | Detection and system analysis of a problem                   | Methods of environmental analysis (STEP analysis, SWOT analysis), methods for determining and analyzing the problem (methods for decomposition of the problem, methods for analysis and comparison), methods for forecasting and modeling the development of decision-making conditions (correlation-regression analysis, time series analysis, modeling methods) |
| Identifying alternative solutions to the problem| Generation of alternative solutions based on methods of activation of thinking | Methods of individual solution (intuitive approach, methods of rational problem solving), methods of collective solution (brainstorming method, Delphi method, focus group etc.) |
| Making a management decision                    | Assessment of alternatives and selection of the most rational in certain conditions pursuant to efficiency criteria and taking into account the given constraints | In conditions of certainty (in the presence of restrictions): the method of analyzing the break-even point and obtaining target profit (BEV), mathematical programming Under risk conditions (the probability of the occurrence of results is known): decision tree, decision matrix (payment matrix), expert method In the conditions of uncertainty: decision matrix (using the criteria for choosing the optimum solution), expert method |
| Implementation of management decisions and control over the implementation of management decisions | Development of an implementation plan, specifying the timing of implementation, appointing responsible persons, communicating the decision to the executors. Establishment of feedback. Identifying deviations from the plan and making appropriate adjustments | Responsibility distribution matrix, network modeling, methods of compiling a decision implementation information table (ITRR), methods of influence and motivation, comparison methods |
| Assessment of the efficiency of management decisions | Assessment of the effect obtained with the planned indicator, correlating the result with the costs of implementing a management decision | Comparison methods, calculation of indicators of effect, efficiency |

Needless to say that, in order to solve some problems, it is not required to consider all the stages; it all depends on the level of management decision-making. Thus, with routine, everything is predetermined in advance, when, for instance, the next purchase of office supplies from the same supplier is made. With selective, it is required to choose from the selected number of alternative actions the solution that is most suitable for solving the problem under consideration. The adaptive level of decision-making involves the choice of new ideas, using the experience, knowledge, and capabilities of the company. The key factors for the success of a manager’s activity are personal initiative, the ability to make...
new, non-standard business management decisions. And, finally, the fourth level is innovative, involving the solution of the most difficult problems. This requires a completely new approach, a direction in management. The main parameters for achieving the ultimate goal are strategic planning, systemic business development, creative management [7,8].

3 Discussion and results

Assessment and selection of the final decision based on the appropriate methods largely determines the essence of the management decision, its content. It is possible to identify the main components of management decisions, which differ from the usual decisions made by each person in his daily life: economic, organizational, legal, technological and social characteristics [9].

Of course, the internal and external environment of the company is of great importance to the process of making a managerial decision and directly to the decision itself. Internal environmental factors are management components that may be formulated:

--- Setting the exact goal of managing the organization;
--- Solving tasks required to achieve the goal;
--- Building an effective organizational structure that allows to establish an effective policy for making management decisions;
--- Organization of personnel management, taking into account both an individual approach to the employee, his work characteristics, and the establishment of a communication system for the accurate work of personnel as a whole;
--- Development of the technological system of the organization, which must correspond to the rapid growth rates of the technological environment, modern computer and software tools aimed at improving the management mechanism.

The external environment is the micro and macro environment of the company. To a greater extent, it is the object of marketing research. The microenvironment includes forces that directly affect the activities of the organization and the achievement of its goals, and which the company itself may influence (Fig. 1) [10, 11].
The macroenvironment of a company includes forces that may significantly affect the business, but which an individual organization cannot influence. Everything depends on the competent policy of management as far as the company is ready to possible changes and may predict changes of the macroenvironment [12].

The considered factors influence both the mechanism, and quality of management. Herewith, statistics show that small business leaders mainly use an intuitive approach to management, a small percentage sometimes use economic and mathematical methods in their practice. Thereby, the area of solution of the problem is narrowed to a "point" choice, which does not allow finding the best option. While the implementation of professional competencies in small business is expressed in the efficiency and quality of management decisions, which plays an important role in the formation of the middle class [3].

In addition, the results of the study of assessing the quality of managerial decisions indicate the presence of a certain dependence of the quality of decisions made on the managerial level of the manager (Fig. 2). The sample included respondents who passed the preliminary selection for higher or additional education in the areas of "Economics" and "Management" [1].

![Fig. 1. Influence of a microenvironment on making management decisions.](image-url)
Influence of a microenvironment on making management decisions

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Fig. 2. Assessment of the quality of management decisions depending on the level of management.

The level of managerial potential was assessed by identifying the percentage of effective managerial decisions made by the respondents of the respective groups. The figure clearly shows that the share of talented leaders among novice managers and lower-level managers is almost 2 times lower than the corresponding share among top-level managers. The ability to make effective management decisions determines the level of professional competencies and this issue needs to be given special attention in the process of modern education [1, 3].

Thus, the degree of definition of the essence, the content of the management decision, factors of the micro- and macroenvironment, the professional level of management play a huge role in the mechanism for choosing the final decision, affect the quality of the decision, as well as the methods that are used at a certain management stage.

For each step of the decision-making mechanism, the most common methods are highlighted in the work, but far from all that may be used at the appropriate stage. In each specific case, based on the analysis of the advantages and disadvantages of the methods, the study of the problem, the dynamics of the conditions for making management decisions, specific approaches are selected that are the most optimum at each step of the decision-making mechanism. Moreover, it is required to follow an integrated concept of developing solutions based on the use of a systematic approach in preparing and making decisions. A company may adapt to changes in the environment faster than competitors, take advantage of emerging opportunities, and thereby be able to offer the target consumer a competitive offer, unique consumer value and gain a competitive advantage [12].

4 Conclusions

1. To make an effective decision to manage the company’s activities in market conditions, it is required to understand the essence, consider individual components of a management decision, and analyze in detail the internal and external environment that significantly affect the conditions and mechanism for making management decisions.

2. All stages of the decision-making mechanism are investigated, for each of which the most effective methods or groups of methods are presented, taking into account their pros and cons, as well as on the basis of analysis, systematization of theoretical and practical works.

3. The results of the study revealed the relationship between the level of managerial potential and the managerial level of a manager.
4. The use of an integrated concept based on a systematic approach to choosing the best methods of business management at each stage of the decision-making mechanism makes it possible to increase the competitiveness of the company as a whole, to successfully manage and develop the business.

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