

## **IMPACT OF DECISION MAKING STYLE AND LIFE ORIENTATION ON RETENTION DECISION ON EMPLOYEES AT MSME'**

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*The most common problem that organizations face in the context of people is attrition i.e. employees leave the organization for the sake of joining other company. Organizations design various strategies to reduce the rate of their attrition so as to reduce talent crunch or drainage of good and talented people. But making or designing strategies to reduce attrition is more of a reactive approach, which means after the incidence has occurred we take steps to manage the loss which has been incurred due to that incident. A more proactive approach to the same problem can be looking on to the other side of it i.e. Designing strategies which talks about retaining good people well in advance. The study aims at identifying the reasons behind Why do employees stay with an MSME. This study was conducted on sample of 30 executives working in 15 different micro, small and medium enterprises (MSME) sector in Vapi, Daman and Valsad region. The reasons for the phenomenon of an employee to continue with an MSME were gauged by finding out their Decision Making Styles and Life Orientation through the inventories developed by Dr. Udai Pareek and Surabhi Purohit.*

**Keywords:** *Retention, MSME, Decision making style, Life orientation*

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## **INTRODUCTION**

Looking at the current scenario of the economy, organizations face problems of attrition or loss of talents because unlike in the past the psychological contract of employees today is more of transactional in nature rather than relational which means if employees get an opportunity which they feel is better than the existing one the employee switch their jobs. So in order to retain employees organizations have to put tremendous efforts. The areas where they need to emphasize can be identified by analyzing life orientations and decision making styles of the employee. The organization if can understand and identify the factors that are of high priority to the employee while making any decision, then those decisions can be foreseen and brought to the organization's favor i.e. Retention.

Life orientation means how do people view or see their life as, i.e their approach towards life. The orientation that any individual has towards life is the base of any decision, he or she takes. The concept of life style was originally proposed by Adler in 1930. Adler suggested three characteristics of styles of life: origin in childhood, self consistency and constancy (Anabacher and Anabacher, 1956,pp.186-191). In an indepth and longitudinal study of successful and less successful executives in well known oraganisation, Bray, Campbell and Grant (1974) identified a number of factors associated with career and role success and failure. Two distinct patterns emerged grouping these. The one associated with career/job success called Enlarging style, while the other associated with less success, was called enfolding style. This distinction between the two is contrasted below.

People having an attitude or an outlook of growth, innovation and change are the enlargers. These are the types of individuals who wait for the opportunity and as and when they get the opportunity they grab it and make optimum use of it. Life orientations or life styles are the general orientations in one's life. The enlarging life style is oriented towards the goal of innovation, change and growth. The enlarger moves away from tradition and places his emphasis on adaptation, self-development and the extension of influence outward into work and community spheres. At same time, their earlier ties to parents and formal religious practices

begin to weaken. They keep up with the current events and are likely to achieve a position of influence in the organization.

The opposite of them are enfolders, these individuals are the ones who enjoy stability and usually follow traditional styles rather than trying something new. Phenomenally these are such type of individuals who resist change and like the things to be the way they are rather adopting something new even if it means getting higher benefits and returns. The enfolding life style is concerned to the goals of tradition, stability and inward strength. Rather than pitching his strength outward, the enfolder seeks to cultivate and solidify that which invites attention within his more familiar sphere. He values parental ties and if he can, seeks to keep an active relationship with boyhood chums. He may find it quite upsetting to leave his hometown even if the move portends job advancement. In a new locale, he is likely to experience considerable difficulty in feeling at home. He is not awed by fads. He forms a close attachment to a small circle of friends, and most of his socializing is done with relatives. Status consideration sometimes embarrasses him. Individuals who have enlarging orientation towards life are more self development oriented whereas the ones who have an enfolding orientation of life are more inclined towards stability rather than growth or development.

Decision making has been considered as one of the central variable in modern organizational theory. It is believed that the key to understanding the decision process lies in understanding the problem which has created the need for a decision. The failure to define and to understand the decision problem adequately is what causes the greatest difficulty in decision making. All individuals are not equally adept at making decision. Eckstein, D.G and R Driscoll, ( 1982) suggested that people differ in this ability just as they differ in all other characteristics and not only they differ in ability but they also differ in terms of their basic strategy when it comes to the concept of decision making style. Decision making style is based on the cognitive behavior psychology. In past lot of research has examined various components of decision making perspective, and several decision making style assessment have been developed. The decision making style inventory used here is based on Scott and Bruce's (1995) concept and research findings.

The decision making styles followed in the paper are:

**Perceptive Decision Making Style:** Rational decisions mean the decisions that are logically linked to ends or objectives. The solution chosen also appears sensible to an objective observer with broad experience. Rationality assumes deliberation and the weighing of alternatives in order to choose the most effective means to achieve a goal or goals. Individuals who make perceptive decisions usually assign their own subjective estimates of the probabilities of certain events that occurs. It is also deliberate, analytical and logical, accessing the long term effect of decision and having a strong fact based on orientation.

**Differing Decision Making Style:** A person with differing decision-making style will make every effort to avoid making a decision. It is characterized by delivery and denial. It can be driven by calculation or defensiveness but on both counts, it may provoke difficulties if over-emphasized.

**Impulsive Decision Making Style:** This type of decision displays a sense of immediacy and an interest in getting through decision making process as quickly as possible.

**Detached Decision Making Style:** Highly Ego-centric style with limited empathy and reality contact and almost certain to being owner eventual conflicts, if not varied appropriately.

The most common problem that organizations face in the context of people is attrition i.e. employees leave the organisation and go somewhere else. Organizations design various strategies to reduce the rate of their attrition so that the organisations do not face the talent crunch or drainage of good and talented people. But making or designing strategies to reduce attrition is more of a reactive approach, which means after the incidence has occurred we take steps to manage the loss which has been incurred due to that incident. A more proactive approach to the same problem can be looking on to the other side of it i.e. Designing strategies which talks about retaining good people well in advance. The decision that an employee takes to quit an oraganisation is not a days task rather it is the product of the decision making process

which starts from generation of a cause which is either organisation related or personal to the employed.

This study focuses on 'why do people retain in any organisation'. It targets micro, small and medium enterprises (MSME) sector in Valsad, Vapi, Daman region and a sample of 30 employees of middle Management level with experience of more than five years has been taken in this study. This study attempts to explore the basis factor that lead to the retention decision of any individual.

### **OBJECTIVES OF THE STUDY**

1. To find out that which decision making style and life orientation is prominent among the middle management employees working in MSME's for more than 5 years in Vapi, Valsad and Daman region.
2. To find out the correlation between the various decision making styles and the life orientation of the respondents.
3. To Find out the Relationship between two Life Orientations.
4. To find out the relationship between the Number of years of Experience and Life Orientations
5. To find out the relationship between the Number of years of Experience and the Decision Making style.

### **HYPOTHESIS**

H<sub>01</sub>: There is no significant relationship between enlarging life style and enfolding life style.

H<sub>02</sub>: There is no significant difference between Enlarging Life Style and Experience

H<sub>03</sub>: There is no significant difference between Enfolding Life Style and Experience.

H<sub>04</sub>: There is no significant difference between Perceptive Decision Making Style and Experience

H<sub>05</sub>: There is no significant difference between Deferring Decision Making Style and Experience

H<sub>06</sub>: There is no significant difference between Impulsive Decision Making Style and Experience

H<sub>07</sub>: There is no significant difference between Detached Decision Making Style and Experience

## **RESEARCH METHODOLOGY**

**The Study:** The present study is an exploratory study and is based on primary data.

**The Sample:** In the present study, convenience sampling method has been used. The questionnaire has been administered on employees of middle Management level with experience of more than five years. 30 employees were chosen each from Micro, small and medium enterprises (MSME) in Valsad, Vapi, and Daman region.

**Tools for Data Collection:** Scale developed by Dr. Udai Pareek and Surabhi Purohit (2009) questionnaire has been administered on employees of middle Management level with experience of more than five years.

**Tools for Data Analysis:** t- test, Correlation analysis, mean and standard deviation has been used to compare various styles.

## **DATA ANALYSIS AND INTERPRETATION**

In order to find out that which decision making style and life orientation is prominent among the middle management employees working in MSME's for more than 5 years in Vapi, Valsad and Daman region. Total score of the respondents on each variable was calculated (Table-1) and Total frequencies of respondents on each decision making style with respect to the two life orientations were identified (Table-2). The total number of respondents were 30 but in the table-1 only 22 respondents has been taken because the 8 respondents have got same score in two parameters and therefore they cannot be individually counted. There were in all 14 respondents with Enlarging Life Orientation. Out of these 12 had perceptive decision making style, 1 Deferring and 1 Impulsive and 8 respondents had Enfolding Orientation towards life. The Mean for Perceptive Decision making style was highest with the score of 3.83 (Table-3) compared to the other decision making styles. Similarly among the two life orientation the mean score of enlarging style is more then Enfolding with a score of 2.91 (Table-4).

In order to find out correlation between various decision making styles and the life orientation of the respondents the correlation score was calculated. The correlation score between perceptive decision

making style and enlarging life orientation is 0.65 at a significance level of 0.19 this score is highest among all other relationships derived and the lowest score is between enfolding lifestyle and deferring figuring -0.197 at .296 significance level.

In order to test the hypothesis  $H_{01}$  that is there is no significant relationship between enlarging life style and enfolding life style ANOVA was used . The results of ANOVA displayed that the calculated Value of t is 2.42 which fall inside the acceptance region of table value 2.92 accepting Null Hypothesis (Table-5). Hypothesis  $H_{02}$ ,  $H_{03}$ ,  $H_{04}$ ,  $H_{05}$ ,  $H_{06}$  and  $H_{07}$  were rejected (Table-6).

## **RESULTS AND ANALYSIS**

The data showed strong correlation among perceptive decision making style and enlarging life orientation. It means that people who have an enlarging orientation in life are bound to be more of perceptive decision makers. The scores that support the above statement was 0.242 at 0.198 significance level (Table-5). The above data was supported by the fact that among the 30 respondents the majority of them were found to be of enlarging life orientation and having a perceptive decision making style with the proportion of approximately 54 percent. There was found to be negative correlation between Enfolding life orientation and deferring decision making style with a score of -0.197 at significance level of 0.267 only. Hence, it can be interpreted that though there is a negative relationship between the two variables but it is not very strong.

From the table- 6 it can be interpreted that the calculated value of t is 2.42 which fall within the acceptance region. Which means the null hypothesis is accepted and that there is no significant relationship between enlarging and enfolding life orientations. These two orientations are the two poles of a continuum. Enlarging life orientation says or talks about growth, innovation and change etc. whereas enfolding orientation talks about stability, avoiding change etc. Every individual has certain outlook or approach towards ones life and this orientation can either be enlarging or enfolding or could also have a balanced approach. Therefore the data also shows that there is no significant relationship between the two orientations. The 30 respondents studied in the paper were having an experience ranging from 5 years to 30 years and as the employees

get more and more experience his/her approach towards life changes and to some extent gets matured.

Table- 6 also show t -test between enlarging life orientation and number. of years of experience. The t statistic score calculated was 0.6110 and the range for the t- value at 0.54 significance level was 1.70 to 2.055. The calculated value of t falls outside this range which means that the hypothesis was rejected and an inference can be derived that as the number. of years of experience increase there is a change in enlarging life orientation. People who have enfolding life style are the ones who are stability oriented and who keep on avoiding change, they are then people mostly who are satisfied with what their current level. Mostly people who have enjoyed their life and now reached a state wherein they are satisfied with what they posses fall into this category. They are the people who have earned a lot of experience.

The above statement is supported by the score of the t test. From table- 6 we can conclude that the calculated value of t is 1.07 which falls outside the acceptance region which ranges from 1.69 to 2.04 which means that the null hypothesis is rejected and the alternate hypothesis is accepted which means that there is a significant difference between enfolding life orientation and as number of years of experience increases the individual becomes more and more enfolding in nature wherein he or she starts seeking to settle down and opt for stability rather than innovation and change.

Table -6 also displays the t-test between perceptive decision making style and Number of years of experience. The t score is 0.355 which falls outside the range of the t values which is from 1.71 to 2.07. Therefore the hypothesis is rejected which means that there is significant difference between the perceptive decision making style and experience, i.e. this style of decision making changes with the no. of years of experience. A perceptive decision maker is one who views every decision from a rational point of view, weighs all its pros and cons and then comes to a conclusion.

Table- 6 displays the result for relationship between Deferring Decision making style and years of experience an employee has. The aim is to find out whether the number of years of experience



has any impact on the deferring decision making style of an employee. The value of t-test was 0.46 which falls outside the acceptance region which is been shown as 1.70 to 2.04. It means that the null hypothesis is rejected and there is a significant difference between the deferring decision making style and years of experience. Employees deferring decision making style changes with the years of experience. People who have this style usually keep on postponing their decisions on a later date and usually this tendency is of people who are new to work as employees get used to their job or gain certain amount of experience their decision making becomes more of on time and demand rather then postponement of same.

Table 6 also shows the t test applied between Impulsive decision making style and years of experience that an employee has. The score of the t test is 1.17 which falls outside the acceptance region which is been shown as 1.70 to 2.05.As the t values is falling outside the range the hypothesis is rejected which implies that there is a significant difference in the impulsive decision making style and number of years of experience.

People who have detached decision making style have a problem taking the responsibility of the decisions they make. Their decisions are not based on any rationale and are randomly taken; due to this they don't feel the ownership of the decision. The result of the t test applied to find out whether there is any relationship between the detached style of making decisions and numbers of years of experience can be observed from table 12. It shows that the calculated Value of t is 0.355 which falls outside the acceptance region which is been shown as 1.71 to 2.07.It means that the null hypothesis is rejected and there is a significant difference between the detached decision making style and years of experience. As employees get matured over work they may become more responsible for the decision they make.

## **CONCLUSION**

It is easy to find out the reasons behind why do employees leave an organization by conducting exit interviews, but it is to difficult to identify why employees stay with an organization. The purpose of this study was to find out those reasons and then use them to design proactive retention strategies. The factors which influence an employee to take decisions to stay with any organization and the priority of those factors differ from person to person. This difference is

brought about by the decision making style and life orientation they possess. Any decision that an employee makes is backed by various factors. To stay with an organization for a long period of time is also a decision that an employee makes in his career. This decision of his/her may be either influenced by the organizational factors, family factors or personal factors. Each individual has his/her own decision making style which can be broadly classified into four categories i.e. Perceptive, Deferring, Impulsive, and Detached.

An individual who has a perceptive decision making style would weigh all the pros and cons of every decision he/she is about to take based on the rationality will come on to one decision. Over and above the decision making style, the way an individual looks at his or her life or in short the life orientation also has an impact on the decision of an employee to be with an organization. From the study it can be concluded that most of the people who are working with an MSME in Vapi and Daman region for more than five years are perceptive decision makers and have an enlarging life orientation. It means that if people are continuing with an organization they might have weighed all the pros and cons of the same and there would be certain organizational factors like good environment, opportunity to grow, autonomy in work etc which have made him or her to remain with the organization.

## **LIMITATIONS**

The study incorporates classification of decision making style into four categories only, whereas there are other researches done on decision making and have given more than these four decision making styles. The life orientation and decision making style an employee follows is also to some extent affected by the designation they are into, and this study focuses only on middle management. Secondly, the reasons for continuing with an organization or leaving it depends on various other factors which cannot be judged by either the decision making style or the life orientation. Therefore all these things lay down a vast scope for the researchers to extend this study on the other dimensions as mentioned above.

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**Annexure**

**Table- 1: Total Scores of the respondents on each variable**

Respondents	Decision Making Style				Life Orientations		Experience
	Perceptive	Deferring	Impulsive	Detached	Enlarging	Enfolding	
1	19	15	15	13	29	25	22
2	22	25	11	17	24	31	23
3	23	14	8	13	33	32	16
4	25	25	17	19	24	17	5
5	24	11	10	5	34	31	8
6	21	14	14	14	32	32	5
7	16	9	10	10	23	31	24
8	20	15	11	7	24	27	11
9	20	14	11	4	19	28	12
10	25	11	9	8	33	33	18
11	23	17	10	15	33	27	14
12	21	8	6	5	30	22	27
13	21	20	12	13	29	29	28
14	23	10	12	12	33	28	28
15	18	20	8	4	32	23	27
16	20	10	10	15	36	22	22
17	11	11	12	14	25	25	8
18	14	14	7	11	21	22	19
19	15	14	7	11	20	20	23
20	20	9	5	2	28	29	11
21	23	18	8	11	34	31	12
22	18	15	16	11	34	28	30

23	20	9	5	2	35	32	10
24	22	9	6	3	29	21	17
25	20	15	11	9	30	31	21
26	16	12	5	5	23	23	26
27	9	11	22	17	36	31	6
28	21	20	15	16	37	21	8
29	20	15	14	6	27	30	6
30	19	15	10	12	27	28	7

**Table- 2: Total frequencies of respondents on each decision making style with respect to the two life orientations**

	<b>Enlarging</b>	<b>Percentage</b>	<b>Enfolding</b>	<b>Percentage</b>	<b>Total</b>	<b>Percentage</b>
<b>Perceptive</b>	12	55	7	32	19	86
<b>Deferring</b>	1	5	1	5	2	9
<b>Impulsive</b>	1	5	0	0	1	5
<b>Detached</b>	0	0	0	0	0	0
<b>Total</b>	14	64	8	36	22*	100

**Table: 3- Mean and Standard Deviation of Decision Making Styles**

	<b>Perceptive</b>	<b>Deferring</b>	<b>Impulsive</b>	<b>Detached</b>
<b>Mean</b>	3.8	3.0	2.4	2.4
<b>Standard Deviation</b>	0.5	0.6	0.5	0.7

**Table: 4- Mean and Standard Deviation of Life Orientations**

	<b>Enlarging</b>	<b>Enfolding</b>
<b>Mean</b>	2.9	2.7
<b>Standard Deviation</b>	0.5	0.4

**Table 5: ANOVA**

	<i>Df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Sig. F</i>
Regression	1	0.46	0.46	<b>2.42</b>	0.13
Residual	28	5.32	0.2		
Total	29	5.787			

**Table-6: t-Values**

<b>Items</b>	<b>Observations</b>	<b>t Stat the range of 1.71- 2.05</b>	<b>Hypothesis Result</b>
<b>t test between enlarging life style and experience of more than equal to and less than 15 years</b>	<b>14 and 16</b>	0.61	Rejection of Null Hypothesis
<b>t test for enfolding life orientation and experience of more than equal to and less than 15 years</b>	<b>14 and 16</b>	1.07	Rejection of Null Hypothesis
<b>t test for Perceptive decision making style and experience of more than equal to and less than 15 years</b>	<b>14 and 16</b>	0.35	Rejection of Null Hypothesis
<b>t test for Deferring Decision and experience of more than equal to and less than 15 years</b>	<b>14 and 16</b>	0.46	Rejection of Null Hypothesis
<b>t test between Impulsive Decision Making style and Experience of more than equal to and less than 15 years</b>	<b>14 and 16</b>	1.17	Rejection of Null Hypothesis
<b>t test between Unperceptive decision making style and Experience of more than equal to and less than 15 years</b>	<b>14 and 16</b>	0.22	Rejection of Null Hypothesis