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**Decision Making and the Effect of Employee Participation in Decision Making on Business Performance: A Literature Review**

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Thesis abstract

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Small and medium sized enterprises (SMEs) have the ability to create employment, fix poverty, foster economic growth, and to reduce income disparity in developing countries. Their success, though, is hinged on their proper management. A cornerstone of all managerial functions is decision-making, an aspect that refers to the action of making a given choice when presented with a host of alternatives. While decision-making in business seems simple at face value, it involves several intricate interactions that require making a host of considerations. Businesses that need to gain strategic advantage over their competitors therefore need to hone their decision making skills.As regards the decision-making issue, there is inconclusively on whether involvement of employees in decision making positively impacts business performance or not. Employee participation in decision-making is viewed as a process that grants employees the latitude to exert meaningful influence over decisions concerning their work, their working conditions, the business directions among other decision-making instances in a business. Clarifying various issues regarding the above subjects is of essence if I want to bolster my business acumen and ensure that my business, a second-hand farm machinery company, thrives on the extremely competitive market.

As such, this study was conducted in a bid to determine the various constructs of decision-making while assessing the influence that participatory decision-making (PDM) has on the performance of an organization.

To elaborate on the various constructs of decision making as well as to identify the impact of PDM on an organization’s performance, a multitier search for literature from online business literature journals and databases as well as books was conducted. The key resource for this compilation was Shapira’s book on Organizational decision making. On ascertaining the validity and reliability of the various resources, a synthesis and compilation of data was conducted. This offered clarity on a number of issues concerning decision-making. The positive impact that PDM has on the performance of organizations was also identified.

This finding will be of great assistance to my company, a second-hand farm machinery company that sells used Finnish farm machinery and equipment to farmers in Kenya and others in developing a robust decision making framework that will guarantee their economic success amid great competition.

Keywords: Participatory Decision Making, Decision Making, Small and medium scale enterprises

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Terms and Abbreviations

**DMA** Decision Matrix Analysis.

The Decision Matrix Analysis is a method that assists decision makers to both organize and synthesize decision making information systematically allowing making of a near rational decision.

**PDM** Participatory Decision Making

A process characterized by shared decision making between the organization’s superiors and their subordinates

**MCDA** Multi-Criteria Decision Analysis

Also DMA. This is a method that assists decision makers to both organize and synthesize decision making information systematically allowing making of a near rational decision.

**CBA** Cost Benefit Analysis

This is a systematic approach aimed at estimating the economic pros and cons of available alternatives during a decision making scenario

**BCA** Benefit Cost Analysis

Also CBA. This is a systematic approach aimed at estimating the economic pros and cons of available alternatives during a decision making scenario

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1. INTRODUCTION
	1. Background of Study

Small and medium sized enterprises (SMEs) are of particular importance in shaping the path which the economies of developing countries take. SMEs have the ability to create employment and to fix poverty while fostering economic growth (Katua 2014). Further, there is great consensus on their ability to reduce income disparity, increase the volumes of goods and services produced while providing a platform for the development and acquisition of skill in the populace (Kongolo 2010; Katua 2014). Furthermore, SMEs possess the ability to promote backward integration and act as vehicles for promoting technological innovation. It is from this that the intensive promotion that they have received in developing countries has been justified.

My company is a second-hand farm machinery company dealing with different
agriculture farm machinery and equipment. Based on the business classification of
Government of Kenya (2010), in Ong’olo and Awino (2013), the business qualifies
as a small business as it has an annual turnover that exceeds $5000 but falls
past the $100,000 marks. It is a start-up whose idea was conceived after realizing
that there was plenty of used cheap farm machinery from Finland that could be found on an online selling platform called Nettikone. From this platform, the company buys farm machinery and equipment and ships them to a machine yard in Kenya for sale to farmers. The company has been operational for two years and its clientele base is steadily increasing with more sales and enquiries being received from interested farmers.

While the business offers acceptable financial income, it also provides employment to a number of Kenyans, contributes to the Kenyan government revenue while providing farmers with essential high quality but low priced farming equipment which would not have been available to them. This embracement of advanced farming equipment ultimately leads to reduced production cost and time while guaranteeing them higher returns. Ensuring that the business continues fulfilling the customers’ needs while maintaining a steady growth will require that the business management team embraces best management practices and identify strategic ways of giving the business an economic edge in the highly competitive market place.

One aspect that will be essential in guiding the sustained growth of the business
both in customer share and economic returns revolves around decision-making. At
any firm, decision-making stands out as a very integral component in management. According to Harrison (1999), mediocre and good managers may be differentiated by their ability to make good decisions. Good managers make wise decisions that ultimately propel the firm to success. Trewatha and Newport (1982) declares decision-making as the cornerstone of all managerial functions where without it, attainment of the firm’s objectives remains only as a mirage. As such, succeeding in leading an enterprise requires one to horn their decision making skills (Rue & Byars 1989), and businesses which seek to thrive in the highly competitive business environment in present times must have managers who are skillful and knowledgeable on the ways of making impactful decisions.

On matters decision making, the involvement of employees in decision making,
participatory decision making (PDM), is a paradigm that is getting widespread
acceptance in the business world. According to Kearney Jr (1997), decision making is one among seven elements that have been noted to improve the global
competitiveness of both small and large firms. PDM has previously been linked with psychological empowerment of employees which leads to 1) progressive employee attitudes, 2) increased job retention, and 3) development of innovative tendencies (Spreitzer 1995; Riordan, Vandenberg & Richardson 2005). It has also been associated with reduction of business operation costs and provision of increased richness in perspectives and viewpoints that may lead to better choices (Kemelgor 2002).

Despite the proclaimed advantages of PDM, the strategy also suffers some
shortfalls. PDM complicates issues on job description and chain of command, it has been described as an ethical imperative with no economic impact (Wagner III
1994), it is time consuming and unsuitable for fast decisions (Klein 1984), it is
situational and lack the constancy to be used all the time (Locke, Schweiger &
Latham 1986) and it also imposes extra cost as implementation require employee
training (Kaner 2014). The above issues then act as a deterrent for its immediate
implementation in a business.

Owing to the above accounts, several issues stand out. One of them is the need to
for greater understanding of the various decision-making constructs in a bid to create a solid decision making structure in the business. Decision-making constructs of importance include 1) the identification of what decision-making is, 2) determination of models that explain how decision-making occurs, 3) types of decision making in an organization, 4) the process of effectively making decisions and tools that may aid decision-making. Secondly, there is need to identify the effectiveness of participatory decision-making in improving the performance of firms. This will be essential as it will offer a guide on whether to adopt this decision making approach in the business. The above information will assist the business to come up with a solid decision making structure that will enable it achieve both its short term and long term goals.

* 1. Research Problem

Decision making is an important component that has serious ramifications on the
success of any business. In any business then, any sound decisions made aid in
the achievement of the laid down business goals. While decision making in business seems simple at face value, it involves several intricate interactions that require making a host of considerations. Businesses that need to gain strategic advantage over their competitors therefore need to horn their decision making skills (Rue & Byars 1989). Horning these skills require an understanding of 1) the theoretical underpinnings that are involved in the decision making process, 2) the different types of business decisions, 3) the proven approaches that should be used to guide the decision making process in a business, and 4) managerial tools that can assist the decision making process. With this then, the decision making in my business (the farm equipment sales business) will be such that decisions that were previously made haphazardly with no theoretical basis and without a well thought format will be replaced by a well-informed, evidence based decision making process. This well-defined decision making structure will assist the business make appropriate decisions that will ultimately help in the achievement of its goals.

Employee participation in decision making has in the recent past gained popularity
and is now used in many businesses across most sectors. This has especially been due to the failings that accompany the command and control decision making model that reigned in the past years. Proponents of this decision making approach view it as having the ability to empower employees, reduce business costs and increase richness in perspectives and viewpoints that may lead to better choices (Spreitzer 1995; Kemelgor 2002; Riordan,Vandenberg and Richardson 2005). Opponents on the other hand view it as 1) Having an ethical standing and lacking any real economic impact in the business, 2) being time consuming and unsuitable for fast decisions (Klein 1984), 3) being situational and lacking the constancy to be used all the time for all time use (Locke, Schweiger and Latham 1986), and 5) imposing extra cost as implementation require employee training (Kaner 2014).

Embracing the present standard of employee participation in decision-making
require evidence that it is indeed effective and that it brings significant gains to the
business. As such, compilation of all studies that address this issue may be essential in helping the business make an evidence based decision on what features of the present decision making structure they need to align to current best practices.

* 1. General Objectives of the Study

To explore various constructs of Decision-making in a business

* 1. Specific Objectives of the Study

To clearly define what decision-making in a business entails

To determine models and theories that governs decision-making

To identify the major types of decision that is made in an organization

To describe an effective method of making decisions

To identify essential tools that may aid in effective decision-making

To determine the impact of participatory decision-making on the performance of

1. METHODOLOGY
	1. Introduction

This paper employed a review of literature approach so a fulfill the laid out study objectives. The review is majorly descriptive. Secondary data from a variety of sources was used. This included books, journal articles, online publications, country statistics data as well as newspaper articles. The review process took a systematic approach to ensure that data collected was adequate, viable, representative and of high quality. This is described in the headings that follow below.

* 1. Stating of Clear Study Purpose

In review studies having a clear purpose and stating it explicitly is of great importance. Only from this can one determine what literature to peruse and what information to focus on (Okoli 2015). For this study, a review of decision- making was the main topic, with particular focus on decision-making models and theories, decision types, the decision process and decision-making tools. PDM and its impact on organization performance was also a topic of interest in this review.

* 1. Literature Search Strategy

A definite research strategy is essential in the attainment of quality and relevant information that will be used in the compilation of a review (Okoli 2015). For each decision construct that was to be elaborated, a host of methods was used to get information of enough quality and quantity. First, a search was initiated in google scholar a database which aggregates millions of books, journal papers, conference proceedings among a host of literature sources. All relevant literature sources were then noted down awaiting review. Secondly, a similar search was conducted in the google search engine. Finally, a search was conducted in the bibliographies of key articles selected in the initial search to identify any relevant publication that would have helped in meeting the study’s objectives.

* 1. Selection of studies

For most of the objectives there was no definite exclusion criteria apart from the quality of the study. On the issue of PDM though, studies on PDM that touched on politics, medical care, households, and consumers were excluded from the review with only those that focused on PDM in organizations being included. Study location was not used to determine what publications to involve with the publications selected covering a host of countries.

* 1. Study’s Reliability and Validity

For a study’s findings to be accepted as a solid evidence for guiding policy formulation and/or change, they must be of high quality. Ensuring that study results are beyond reproach requires application and adherence of stringent quality measures from the study design, review of guide studies and analysis of data collected (Golafshani 2003). For this study, random error the most common error type was reduced by reviewing a large sample of publications. Studies enrolled for review were also stringently checked to ensure they qualified as of high quality

* 1. Synthesis of Studies and Compilation of the Review

On identification of all relevant, high quality studies for each topic, careful analysis and synthesis of the content ensued. Finally, this was logically ordered to answer the set objectives of the study

1. REVIEW OF LITERATURE
	1. Overview of my Company

My company is a second-hand farm machinery company dealing with different agriculture farm machines and equipment. It is a start-up whose idea was conceived after realizing that there was plenty of used cheap farm machinery from Finland ranging from used tractors, hay balers, hay rakes, boom sprayers and hay mowers mostly found on an online selling platform called Nettikone. It was then that I embarked on small a start-up company that has seen me moving to different regions of Finland to collect the machines which I then ship to my small machine yard in Kenya. The company has been operational for two years. Its clientele base has also steadily increased with more sales and enquiries being received from interested farmers.

At the moment the company has just two employees, one being my brother who is involved in day to day activities back in Kenya. Decision-making a critical area in the business is shared between the three of us with I having most of this responsibility. It is for this reason that I want to focus on business decision this area for my dissertation topic as insights gained will help propel the business into even higher heights of economic success

* 1. Decision-making
		1. Definitions: Decision and Decision-making

The Merriam-Webster Collegiate Dictionary defines a decision as a conclusion, normally arrived at following careful considerations. Harrison (1999) on the other hand defines the term as that particular moment when an individual is impelled to make a selection on evaluating alternatives related to a goal. It is also a conscious choice to act in a certain manner in a unique situation (Duncan 1973). A decision is therefore said to have been made when a solution to a certain problem has been chosen for utilization.

Decision-making refers to the action of making a given choice when presented with a host of alternatives. (Pomerol and Adam 2004) gives a thoughtful definition for this term, terming it as a process of thought that ultimately guides one to a decision. There is consensus many authors that the term generally refers to the process of selecting a given alternative among differing options in a bid to solve a certain problem or to arrive at better situations in regard to existing opportunities.

Decision-making is seen to bear a certain set of unique characteristics. It is conscious and is influenced by the individual’s characteristics as well as social phenomena. It is also dynamic as it involves identification of the problem, deliberations, selection and implementation (Harrison 1999).

In any firm, decision-making stands out as a very integral component in management. It is a clear influencer of the success a business may achieve. Harrison (1999) identifies the decision making ability of individuals as being the differentiator between good and mediocre managers. Good managers he posits are those that are able to make wise decisions that ultimately propel the firm to success. As such, succeeding in leading an enterprise requires one to horn their decision making skills (Rue & Byars 1989). There is consensus though about the importance of decision making in a business. Trewatha and Newport (1982) declare it as the cornerstone of all managerial functions where without it, attainment of the firm’s objectives remains only as a mirage. Additionally, Newman and Warren (1977) reiterate this idea by stating that wise decision making is any manager’s most essential function in a firm. As such, businesses which seek to thrive in the highly competitive business environment in today times must have managers skillful and knowledgeable on ways of making impactful decisions.

* + 1. Decision Making Models

**The Rational Model.** The rational model also known as the classical model makes the assumption that the decision maker is a rational being who is completely informed regarding the decisions he is about to make. Especially central to this model is that the decision maker usually makes his choice based on the maximization of value that his chosen alternative offers over other options that are available. To make such a decision then, various features must be present during the rational decision making process. Problems to be solved and objectives to be attained must be clear while all available options must be known. Additionally, there must be a clear criterion for weighting the alternatives against each other. Further, consequences that follow choice of a given alternative should be anticipated. On satisfying all this requirements, the decision maker places himself in the perfect conditions to make a decision and he may be able to choose an alternative that possesses the ability to maximize the desired results (Kinicki & Kreitner 2003).

**The Bounded Rationality Model**. There is great consensus that information present for scrutiny during decision making is most of the time imperfect. Further, uncertainty about the outcomes that may follow on making a given choice abound. These imperfections then question the ability for rational decision making. According to Simon (1990), the decision maker’s rationality is always limited by a number of cognitive deficiencies. For example, complete information to guide decision- making as needed during rational choice is very difficult to avail. Further, optimal choices are not always necessary (Simon 1990). In this model, a given choice problem is portioned to small segments where a search can be feasibly undertaken. Alternatives that can satisfy the objective at hand are sequentially searched for. The search continues till an alternative that satisfies a certain laid down criteria is identified. At this, the alternative is said to have “satisfied” and with that, the search for the most suitable alternative is terminated (Chase, Hertwig & Gigerener 1998).

**The Intuitive Model.** At first, this model seemingly appears to solely arise from gut feelings. Close inspection though reveals its intricacies and its diverse application in decision making scenarios. Based on this model, the decision-maker intuitively investigates the pattern arising from a given problem. This is usually through a decision making technique that has been forged from years of experience, technical expertise, educational knowledge, and insider information among other unique and valuable resources (Dane & Pratt 2007). Utilizing intuition, a decision maker can integrate isolated and seemingly irrelevant data pieces to make a worthwhile decision. As a model for decision making, there are disparate views on its effectiveness. Some authors have even proclaimed it as being more effective over other methods at certain scenarios (Blattberg & Hoch 1990; Khatri & Ng 2000), others have questioned its ability for use in reaching worthwhile decisions (Kahneman, Slovic & Tversky 1982).

* + 1. Types of Decision-making in an Organization

**Strategic Decision-making.** Some developments, happenings as well as trends in the external business environment can potentially impact an organization’s strategy, and are such known as strategic issues (Ansoff 1980). Their importance stem from the fact that they possess the potential of disrupting a firm’s ability to achieve its set out goals (Dutton & Duncan 1987), . Decision making on such issues then is known as strategic decision-making and is an important component of the success of any firm.

Strategic issues are characterized by a variety of features such as 1) They require the use of a considerable amount of the firm's resources, 2) They are long term in nature and are as such key to the firm’s long term business success, 3) They mostly come about as a result from changes in the firm's external environment, 4) they are usually complex issues and decision making regarding them requires input from senior management, they assist managers develop to seasoned executives (Pearce 1994; Papadakis & Barwise 1998). Decision-making regarding strategic issues are most of the time non-routine, extremely vital to the firm and are most of the time made by the firm’s senior management. The act of strategic decision making in many firms is shaped by a number of contextual influences arising from the past, present and also perspectives of the future (Neustadt & May 1986). Additionally, the complex nature of strategic issues makes strategic decision making to take an unstructured form (Mintzberg, Raisinghani & Theoret 1976). All the same, strategic decisions final impacts include but are not limited to devising of competitive maneuvers that will ultimately attract and excite customers, increase efficiency of operations, grow the firm and attain the set out business objectives (Gamble, Thompson & Peteraf 2013).

**Tactical Decisions.** Tactical decisions are usually medium term decisions that are geared on determining the best possible ways of allocating resources in a bid to achieve strategic goals of the business (Singh 1991; Ogaja & Wanyoike 2015). These decisions may involve the realignment of the firm’s infrastructure to meet a given set of the firm’s long term goals. It may be as simple as launching a new product line, increasing the number of branches a firm has opened or even rotation of staff. Generally, tactical decisions are made in line with the need for the achievement of strategic goals. Unlike strategic decisions though, failure of tactical decisions is not always fatal to the business existence as they can be easily realigned to get the business on the course of achieving its strategic goals (Ogaja & Wanyoike 2015). Due to their importance in the business and the reduced impact that characterizes them in case of failure, they are majorly handled by middle tier managers. Making these decisions also follows the central process of decision -making which include analysis of information, consultation and finally making of a determination.

**Operational decisions.** Operational decisions usually occur daily during the running of the business. They are usually simple and routine and are undertaken repetitively. This requires that decision be made fast as delays may affect operation such as production and delivery of products. That being the case then, these decisions are made by staff who are at the lower tier of management and who are in direct contact with the problem that needs a decision. (Reid & Sanders 2007). Like other decisions (strategic, tactical and administrative) they play an important role in ensuring that the business learns smoothly from acquisition of supplies, production and finally sales. There are several operation decisions that have to be made in a business according to Reid and Sanders. One of them is the design of good and services. Decisions made during this design should factor in the overall business strategy such as cost and quality. Other sections where operational decision making is in action include quality control, procedure and quality design, business location, scheduling, facility layout, human resource management, supply chain management, inventory management and workstation maintenance. Quality decisions should therefore be made by various handlers at the many operation stations to ensure harmony in all facets of the business operation. This ensures the movement of the business towards the attainment of its strategic goals (Reid & Sanders 2007).

* + 1. Decision Making Tools

**Market Research.** Decision making by business managers are constant but are very diverse. Some are simple, some are routine, some are urgent, while some maybe complex requiring that a large resource outlay be spent. For the simple, routine and urgent business decisions, a large, expensive and time consuming fact finding mission is not warranted. Intuition and common sense may be more naturally applied to make suitable decisions in such scenarios. This may not be the case for major and complex business decisions where a humongous amount of large financial resources is to be invested and failure may be costly. This complex and extremely important decions making scenarios require that there be robust and reliable data to guide decision making. This then is where market research comes in, to reduce risk of important business decisions (Hague, Hague & Morgan, 2004).

Market research can be defined as an organized effort aimed at gathering information relevant to the business’ strategy and performance such as target markets or customers (Hair et al., 2008, . 4). It plays a key role in the maintenance of business competitiveness in a sea of competitors. Information targeted by market research revolves around the market needs, its size as well as competition available (Hair et al., 2008, p. 5). Market researchers utilize a variety of tools to collect data to guide decision making. This includes 1) desk research, where information from already conducted surveys are sought and analyzed from the internet; 2) telephone and face to face interviews, 3) use of focus groups, 4) observation of market and competitor trends among of host of other organization specific methods. In all these scenarios, special techniques are employed to ensure samples selected and analyzed are representative and informative.

**Decision Matrix Analysis.** In business, whether in a group or individually, choices that do matter often crop up. These scenarios are those where consequences of making a choice may be substantial, the ensuing decision impacts may be felt longer term, a lot of people may be affected and the remedy for mistakes made might not be easily found. Most of the time, these decision problems require that the decision maker explore a variety of choice alternatives, a situation that requires them to make several essential considerations to reach to best decision. Most of the information provided to aid in decision making for problems that exhibit a multiple criteria dimension is usually complex and conflicting (Belton and Stewart, 2002, p. 2). Analyzing and synthesizing such information to help in decision making is always an arduous task to decision makers. This is due to the limited information processing power of the human brain (Miller 1956). It is for this reason that Decision Matrix Analysis (DMA) also Multi-Criteria Decision Analysis (MCDA) comes in.

The Decision Matrix Analysis assists decision makers to both organize and synthesize decision making information in a manner that causes them to feel contented and assured about making an important decision (Belton & Stewart 2002, p. 2). This then minimizes any potential post-decision regret that may arise by being content that all factors that were essential in choice have properly been considered. Generally, Decision Matrix Analysis (DMA) provides a qualitative assessment for the determination of 1) how each alternative performs with respect to the choice criterion, 2) how important the evaluation criteria is relative to the overall problem objective (Deng 1999). As a result, a near rational decision can be made. It should be noted though that rationality is still not achieved as issues of bias and subjectivity are common place.

**Cost Benefit Analysis**. Cost–benefit analysis (CBA), also commonly referred to as benefit costs analysis (BCA), refers to a systematic approach aimed at estimating the pros and cons of available alternatives during a decision-making scenario. This may be useful while choosing what business transactions and activities to engage in, projects to invest in and the most useful business requirements to meet. Generally, it is utilized in the determination of the alternative that provide the best route to achieve the desired business benefits while maximizing savings (David, Dube 6 Ngulube 2013).21 Authors such as Mishan (1976) and Layard (1994) define CBA as the systematic process for computing and subsequently comparing the decision’s benefits as well as its associated costs. The decision may either be related to a policy or involve a given business project.

Generally, CBA plays two main roles. With it, the soundness of an investment decision can be determined usually by substantiating whether the benefits of a given alternative outweigh its costs, and by what margin. As such, two prospective alternatives aimed at solving a problem can have their desirability determined aiding in choice of the best cost conscious one (Cellini & Kee 2010). With an accurate Cost Benefit Analysis, the status quo with respect to a given utility in a given business may be altered via implementation of the alternative that exhibits the lowest and thus the most desirable cost benefit ratio which possesses the ability of improving the business’s Pareto efficiency (Mishan 1976). It should be noted though that while the Cost Benefit Analysis possesses the potential of offering a knowledgeable estimate of the most appropriate alternative during decision-making, coming up with a perfect appraisal of all costs and benefits of alternatives available both at present and in the future is extremely difficult. Imperfections in terms of economic efficiency as well as social welfare always crop up (Weimer & Vining 2017).

**Pareto analysis.** Businesses are usually plagued by a host of deficiencies that reduces their operational efficiencies. These problems vary in their influence in reducing the business efficiency. A choice scenario of what problem a manager should focus his attention on first thus arises. Further the question of whether some problems result from similar underlying issues certainly crop up while making the choice on what to tackle. Pareto analysis is a tool that comes in handy in this conflicting situations and helps managers prioritize what problems they should focus their energies in resolving.

Generally, Pareto Analysis is a simple method that is used in the prioritization of possible alterations to be undertaken in business operations. By doing this, managers can prioritize the individual changes that possess the ability to improve the problem situation most (Juran & Godfrey 1999). The origin of this analytical

tool dates back from Economist Vilfredo Pareto in the 19th century and was publicized as a viable tool by Joseph Juran a management consultant (Best & Neuhauser 2006). The tool is based on the Pareto Principle or the 80/20 Rule which posits that 80% of results are due to a mere 20% of all actions undertaken (GrosfeldNir, Ronen & Kozlovsky 2007). As such, this analytical tool aims to decipher the small percentage of essential actions that influence the occurrence of certain business problems. By doing this, worthwhile actions that possess the ability to alleviate the identified problems are identified and subsequently implemented (Grosfeld-Nir, et al .2007).

Various steps are undertaken to identify the most crucial problems in a bid to prioritize the requisite actions in a way that will be beneficial to the business. First, the all the problems a business that need to be resolved are identified using a variety of inquiry tools and subsequently listed down. Secondly, the root cause of the listed problems is arrived at. The problems are then weighted where weighting is dependent on the type of problem. The listed problems are then grouped based on root cause and the scores for each group computed. Based on the score of each group, the problems which should be highly prioritized is determined and implementation of correction strategies may ensue (Mindtools 2018). The importance of Pareto analysis is thus of great importance to any business as lack of prioritization of business problems may lead to utilization of resources to correct problems that are of little significant. This then may ultimately lead to the leaving out of problems which have a large bearing on the success of the business.

Figure 1:The five Steps in Pareto Analysis (Powell & Sammut‐Bonnici 2015)

**Feasibility Study.** One of the most difficult steps in a business involves the implementation of new business strategies. This is partly to the huge amount of investment that is involved and the large potential failure that exist if implementation of the strategy gets underway. Strategy implementation then requires that decision makers be well furnished with all relevant information to help in making worthwhile decisions, which will be in line with the firm’s focus of increasing the company’s profits, value and customer base. This is where then the importance of a feasibility study comes by (Jebrin 2017).

A Feasibility Study is conducted with an aim to present 1) A detailed overview of the decision problem at hand and 2) A rough assessment of all existing feasible solutions to the existing problem and 3) Listing and justification of all the risks involved by choosing that alternative over the others (Jebrin 2017). This wide ranging project-specific information is key in helping decision makers decide whether the prospective economic returns of the project are worth undertaking the project before directing a substantial amount of business resources to the said project According to strategic analysis (Overton 2007).

Generally, then, a business feasibility study can be defined as a strategic analysis aimed at the determination of the viability of a project idea usually by identifying a decision making scenario (problem), outlining the preferred project outcomes, and making a thorough assessment of the cost and benefit of all available alternatives (Ionut 2015; Jebrin 2017).

* + 1. A Model of an Effective Decision Making Process

According to literature, the rational model as well as aspects of unbounded rationality provides a rationale for creation of a process that can be used in most decision making scenarios of a business (French, Maule & Papamichail 2009; Turban et al., 2014). Human decision makers have bounded rationality due to insufficient information sources to analyze alternatives present as well as presence of emotional influences during decision making. A need for a prescribed process of decision making in a given organization is also important to prevent ambiguity and confusion during decision making scenarios. Due to the above reasons, Simon (1977, 122–127) notes that the development of a structured approach to decision making is extremely important. As such, he prescribes a 3 phased process that should be central when making an organizational decision. This includes the intelligence, design and choice phase.



Figure 2: Effective Decision Making Process (Turban et al 2014).

**The intelligence phase.** Three main activities are carried out in this phase. First, the problem is identified, it’s then classified and finally decomposed. Problem identification involves identifying the dissatisfaction or anomaly that contravenes the organization’s goals and objectives. In this stage, the decision maker is concerned with revealing whether a problem that requires a decision exists. Further, he determines its possible causes and its magnitude. The second stage, classification the decision maker makes an effort to place the identified problem into a given category. This may help as there may be an already existing standardized approach of solving problems in a given category. The last intelligence stage, decomposition involves a breakdown of problems which exhibit an unstructured nature to related structured sub-problems. This ultimately reduces the complexity of the decision allowing ease of solving (Turban et al., 2014).

**The Design phase.** There are also 3 main stages in this phase. They include formulation of the model, determination of criteria to use during choice and the generation of alternative. In model formulation, the decision problem is conceptualized and abstracted to either a qualitative or a quantitative form. Here, the decision problem is clearly described. In the next stage, choice criteria determination, differentiating principles that will be used to rank the desirability of the available alternatives are described. Finally, decision alternatives are generated. Here possible action courses are highlighted. According to Turban et al. (2014, p. 51), this stage of the design phase a great deal is consumed here as both creativity and extensive searching of relevant of ranking information is needed.

**The Choice phase**. In this phase actual decision making as well as a pledge to follow a certain action path occurs. Central to this phase is the search, evaluation and finally recommendation of the most appropriate solution to the decision problem in focus (Turban et al. 2014, p. 58)

* 1. Participatory Decision-making
		1. Definition of Participatory Decision-making

Employee participation in decision-making is viewed as a process that grants employees the latitude to exert meaningful influence over decisions concerning their work, their working conditions, the business directions among other decision making instances in a business (Heller et al. 1998). Alternatively, it can be viewed as a process characterized by shared decision making between the organization’s superiors and their subordinates (Wagner III & Gooding 1987). Additional views on what employee participation in decision making, project it as an occurrence where employees and the management of a given firm exhibit a mental and emotional involvement in a firm’s day to day engagements. Here, both parties make deliberate efforts to contribute to the organization’s goals, display shared responsibility in meeting the firm’s goals while working to ensure that the firm is successful (Wagner III & Gooding 1987).

In another well-crafted definition of participatory decision making, McGregor (1960) contends that employee participation in decision making is the process of giving employees a voice in things that matter to them and matters they want to get involved in. Participatory decision making in a nutshell is a distinctive case of delegation where subordinates (employees) possess control, and have greater freedom in matters choice thereby bridging the communication gap that has always existed between the top management and their subordinates. On the occurrence of participatory decision making in a firm, a sense of belonging becomes prevalent across the employee fraternity. This then acts to create a conducive environment where selfless contributions by the workers in a bid to achieve the firm’s goals thrive.

According to Locke, Schweiger and Latham (1986), it should be noted that a participatory decision making differs from both authoritative decision-making and delegation. Authoritative decision-making depicts an instance where decisions are solely made by the top management, with employees in lower levels only being left to implement the decisions made. On the other hand, delegation refers to the occurrence where decision-making has been assigned to lower cadre employees and the management is not involved whatsoever. Delegation involves day to day operation decisions such as replenishing used stationery or responding to a client’s request etc. on the other hand, participatory decision-making (involvement of employees in decision making) involves a joint decision-making arrangement between the management and the employees.

* + 1. Forms of Participatory Decision-making

Participatory decision-making may be placed in two classes on the consideration of their properties (Locke, Alavi & Wagner III 1997). These are 1) formal or informal participatory decision-making, 2) direct or indirect participatory decision-making, and 3) equal or discordant participatory decision-making. In formal participation, a rule system that details how the shared decision-making should proceed exists and all participatory decision making influence and roles are confined within this rule. On the other hand, the informal participation assumes a casual approach where there are no set guidelines on how it should occur. It may be as simple as engaging in a casual conversation with a management official on an issue and having your input recognized while the final decision is being made.

Direct participation is characterized by the involvement of employees in the decision making without the use of an intermediary. Indirect participation on the other hand incorporates a go-between, who acts as the employees’ representative. This individual is chosen by the employees, and airs their point of view on a given issue to the management during the making of business decisions.

The third form of participatory decision-making is based on the influence that the various decision making parties (employee and management) have on the final decision. In a discordant participation, one party (mostly the employees) has little influence on the final decision. His involvement in the decision making process is only passive while the other party exerts his influence and picks decisions that favors them. On the other hand, in an equal participatory decision-making, all parties have their views having equal weight in the determination of the final decision made. Other participatory decision making forms such as consultative participation, where workers act as an information source with the management retaining the discretion of making the final decision has been described by authors such as Cotton et al. (1988) and Levine and Laura (1990).

* + 1. Benefits of Participatory Decision-making in Organizations

According to Kearney Jr (1997), involvement of employee in organization activities, especially in decision making is one among seven elements that have been noted to improve the global competitiveness of both small and large firms. Recommendations of this practice dates back to the early 1950s when there was a paradigm shift from the more rigid business structures of the past and the identification of the benefits that accrue on increasing the participation of employees in business decisions. A classic example of this is the increase in employee productivity and service quality in Cipher Data Products in a year of implementation of PDM as noted in (William, 1989 P.332). Over the years, many authors have identified additional advantages that accrue with the implementation of participatory decision making. Further, there has been the recognition of the various mechanisms that PDM uses to eventually lead to increase in the productivity of the business. Some of the major effects of participatory decision making on employees on the business possess either a psychological, economic and intellectual dimensions. These are discussed in the section below.

**Psychological impacts**. Employee involvement in decision making have a psychological empowerment influence on workers (Laschinger et al., 2001). Empowerment comes about as a result of the responsibility that accompany shared decision making. Owing to this responsibility, employees develop a perception of importance to the company and to the top management. Further, the psychological empowerment and its associated development of self-efficacy and competence leads to 1) progressive employee attitudes (Riordan, Vandenberg and Richardson, 2005), 2) increased job retention (Spreitzer & Mishra 2002), and 3) development of innovative tendencies (Spreitzer, 1995). Additionally, the practice of PDM in a business has been shown to instill trust of the top management in the lower cadre employees. Further, employees whose input is considered during decision making develop a sense of control as far as the business operations are concerned (Chang & Lorenzi 1983).

Another psychological dimension of PDM is its role in increasing the satisfaction that employees have on their jobs (Bhatti & Qureshi 2007). When workers feel that they are not bystanders but are an important cog in the success of the business, they are likely to be more satisfied. This is the case with PDM. When employees participate important decision, they feel that they are wanted and their input is significant. This ultimately increases their satisfaction with whatever tasks they are engaging in. Ultimately, satisfied employees are more productive, are more likely to provide quality service and are thus more likely to be involved in the activities that are geared towards achieving the firm’s goals (Sashkin 1976). Owing to the greater responsibility that is placed on employees by being involved in decision making, workers may be inclined to development requisite knowledge to better their participatory arguments which may lead to the making of better decisions and ultimately the betterment of the organization’s performance (Bhatti, Nawab & Akbar 2011).

Involvement of employees in decision making also promotes respect within an organization enabling all employees regardless of their stature to have a say in issues that affect them (Mutai, Cheruiyot & Kirui 2015). This feeling of importance of all employees to the organization ensures that there is a feeling of mutual respect between the employees regardless of rank.

**Cost reduction.** Employee participation in decision- making also leads to reduction of operation costs in the business. As Spreitzer and Mishra (1999) notes, the self-efficacy that is developed by employees as a result of the increased responsibility accorded by PDM ensures that they require no monitoring during their daily work responsibilities. This is because most of the work rules and set out guidelines were made with their involvement. Failing to live up to them then would be working against their own preferences.

**Ideas Provision**. Involvement of employees in decision-making helps in tapping into the diverse and unique abilities, knowledge and competencies of the workers. This diverse nature of workers present an organization’s decision making organ with a richness in perspectives and viewpoints that may ultimately lead to the choice of the best action plan (Kemelgor 2002).

Shadur, Kienzle & Rodwell (1999) identify the ability of employees involved in decision-making to utilize their own information to help achieve the business goals. When employees are not involved in decision-making, there is a huge disconnect between top management and low tier employees. It is therefore difficult for a low ranking employee to present his views on a given subject despite his expertise or knowledge ability. Creating a platform where all and sundry can meet and present their views may spur such employees to disclose essential information that may help in decision-making.

There is also a view that employees outside management who are often left out from the decision making process are the ones who are in direct contact with the customers. They are therefore essential as they possess important hands on information on customers and services offered when firms are making such decisions. Incorporating their ideas then has the potential of improving a firm’s organizational flexibility as well as the quality of products produced and services offered (Williamson 2008).

* + 1. Problems of employee participation

While participatory decision making is rooted for as a strategic management dimension that has the ability of giving a business an edge against fierce competition in the current world, there are also opponents who dispute its influence in increasing a firm’s productivity. According to Wagner III (1994), PDM only acts to increase the feel good factor of employees about their job and the organizations where they are working without having a significant effect on the performance of the firm.

Another contentious issue revolves about the job description of employees and what it means in times of PDM implementation. The role of supervisors in PDM is usually unclear and measurement of their work output is also unclear as everybody seems to be involved in making decisions. Also according to Klein (1984), the implementation of PDM in an organization requires that employees be well briefed and trained of its functioning which increases the workload of supervisors. This overburdening of supervisors with this additional role always leads them to being lethargic about PDM adoption and their job. This may lead to their underperforming of these important personnel.

The time taken to make a decision while utilizing the PDM strategy is also an issue. According to Klein (1984), the consultative arrangement that is synonymous with PDM where every employee’s input is required takes a lot of time. This then may be a drawback for decisions that are simple and require urgent attention.

The view of PDM as a situational rather than a constant tool also arises in a range of literature. According to Locke, Schweiger & Latham (1986), PDM is not consistent in productivity improvement and may at times derail attainment of the firm’s goals. As such Locke and colleagues have come up with situational instances when PDM may actually be effective. When employee’s knowledgeability on a given scenario is good, their contribution to a decision may be of great importance and may actually lead to the making of a quality decisions. When employees lacking in knowledge are put in such situations, they are most likely going to contribute little and will most likely feel inadequate and embarrassed. Another scenario that necessitates involvement of subordinates is when the decision acceptance by the

employees may be essential for effective implementation or when exemption from decision making may create conflict among subordinates. In other cases, other than those listed, Locke and colleagues contend that involving employees may act to reduce the efficiency and speed of decision making. As such this concept fails to display an “all weather application” capability that can be followed religiously by the business.

Sashkin (1976), on the other hand, feels utilization of PDM is only to fulfill an ethical obligation and have minimal long term benefits to the business. Further, participatory decision making in an organization may lead to information leakages to unintended parties such as the competition, the media, union activists and even to consumers (Demski et al., 1999). This unnecessary disclosure of business information has the ability to ultimately to threaten a firm’s survival knowledge and professional judgments. Implementation of PDM in an organization also has the ability to impose extra cost to undertake employee training on the implementation of PDM. According to Kaner (2014), implementation of PDM requires that employees be well adept on its working to ensure that they get the best out of it. This essential training cost has opponents of PDM decrying the increase of expenditure in a firm in order to roll it out.

CONCLUSION

The publication brings to the fore a great deal of information concerning business decision making. As noted by most literature, decision-making is an integral component in management. It has the ability of influencing the success a business may achieve, and managers with proper decision making skills can make wise decisions that ultimately propel the firm to success. Running a business then, requires that business leaders horn their decision making skills especially if they seek to thrive in the highly competitive business environment in present times. This publication has given clarity on 1) what decision-making entails, 2) the theoretical underpinning of decision-making, 3) the effective decision-making process, and 3) tools that can aid decision-making.

On what decision-making is, there is consensus among many authors that it refers to the process of selecting a given alternative among differing options in a bid to solve a certain problem or to arrive at better situations in regard to existing opportunities.

On the review of the theoretical underpinnings of decision making, three main models were evident. This includes the rational, bounded rationality and intuitive models. The rational theory intimate on how decision-making should occur in a perfect, hypothetical decision making scenario. These decision-making situations seldom occur in business. This is because information that is usually available for scrutiny before a rational decision is made is most of the time imperfect. Additionally, there is always the hanging uncertainty about the outcomes of a preferred choice. These imperfect attributes make rational decision-making untenable in business. The bounded rationality theory presents a more practical approach to decision making in a business as it identifies the failings that hamper the rational model. It recognizes that an individual’s ability to be rational is hinged on the amount of information about the situation they have access to, their cognitive ability, and the amount of time to make the decision they have at their disposal (Elster 2016). As such, it proceed after first simplifying the available choices (Gigerenzer & Selten 2002), a suitability search then ensues allowing the identification of the alternative that satisfies a certain laid down criteria.

Alternately, the intuitive model has been floated as a good model for decision making. While it is a tried and tested model that is commonly used even subconsciously, there are common reservations in its use, due to its susceptibility to personal bias and lack of a definitive process that can be replicated in future.

Clarity was also offered on the various decision types a business will have to contend with. In that, three were evident (strategic, operational and tactical), with differences being due to the decision’s immediate effects (long term or short term). As such, it was noted that decision makers should consider the type of decision to know the amount of effort and the resources they should put in to ensure decisions made improve the firm’s position in the marketplace.

The importance of using business decision making tools while making decisions was also highlighted. On this, various tools that include: 1) market research, 2) decision making matrices, 3) cost-benefit analysis, 4) pareto analysis, and 5) feasibility study were evaluated. Each of the tools was noted to have applications in specific scenarios, while others were utilizable in multiple scenarios. Generally, it was evident that their use can improve the ability to reach into decisions that can help achieve the firm’s long term and short term goals.

Another important issue espoused by this presentation regards the need to develop a prescribed process of decision making in a given organization in order to prevent ambiguity and confusion during decision making scenarios. This is because human nature is prone to bias and information to guide decision making is usually mostly insufficient. Based on Simon (1977), a framework which represents how decision making should proceed, a decision making process guide was defined.

Finally, a review of literature detailed the importance of involving employees in decision making. Among the most striking advantages were 1) its impartation of a positive psychological impact on employees (Laschinger *et al.*, 2001; Riordan, Vandenberg & Richardson 2005; Bhatti & Qureshi 2007; Mutai, Cheruiyot & Kirui 2015), cost reduction (Spreitzer and Mishra, 1999), and ideas provision (Kemelgor 2002; Williamson 2008). Still, PDM has a host of negative implications. Key among them includes its time consuming nature due to the multistep consultations involved. It also brings chaos and confusion in regard to job designations and requires training as improper training may lead to employees to lack knowledge of their roles in the decision making process. As such, its application in the business environment should be cognizant of a variety of factors such as the decision making scenario and the knowledgeability of employees on issues requiring decision making. Further, implementation of PDM should be accompanied by careful planning, frequent result monitoring and inclusion of an employee training program. Only by this way would the business reap the benefits that accrue from PDM utilization (Saha & Kumar, 2017).

All this information will be essential in coming up with a well-defined decision making structure in my business and that of others. As noted by Sohrabi & Zarghi (2015), it is essential that businesses utilize the evidence based rationale in incorporating concepts into the day to day learning of the business. From the review of various constructs of decision making I will be able to make key alterations in my business while refining some decision making actions that the company used before. Some of the aspects to incorporate include the coming up with a structure to guide all decision making aspects in the business. This will allow precision in decisions that are continuously made in the business. This decision making framework will also allow non-supervised decision making by subordinates as there will be a template to guide their decision making actions. Precision in decisions made will enable the firm avoid debt traps, improve revenue, and identify new opportunities Further; I expect to introduce PDM into the business allowing all employees to feel part and parcel of the business. From this, I expect to increase the job satisfaction of the employees, reduce cost of running the business and enable free flow of innovative ideas. All these will be cogs in enabling the business increase its status as a leading quality secondhand farm machinery supplier in Africa.

Various lessons were learnt from the thesis compilation. As the thesis took a literature review path, I was able to know the various important repositories for business publication. In addition to that, I was able to know ways of assessing relevant titles using keywords and Boolean operators. This will be of great help in my future academic research endeavors. On the other hand, the task of reading and synthesizing the many publications I reviewed and subsequently compiling the information logically was also an important learning aspect that helped develop my academic approach. Generally, the information perused and concepts identified will help me learn my business more professionally and keep me in the line of achieving the business goals I have set out.

Despite the information provided, I feel that there are aspects that need even greater clarity. One of them is that there is need to develop a thorough measure of the impact that PDM has on the firm’s performance.

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