

THE ESSENCE AND CLASSIFICATION OF MANAGEMENT DECISIONS: THEORETICAL AND METHODOLOGICAL ASPECT

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Abstract. The decision-making process plays a crucial role in the management of any business and is a critical factor in its success and stable development. This process not only requires managers to be familiar with the latest methods and approaches to decision-making, but also requires a thorough analysis of the available information to provide an objective basis for selecting the most optimal solution. Management decisions made on the basis of a detailed study of factual data, the use of proven methods and the consideration of one's own experience in the field significantly increase the company's chances of success. The effectiveness of such decisions has a direct impact on the coherence and productivity of the company, transforming it into a well-established organisational mechanism capable of achieving set goals and adapting to changing external conditions. However, the key to improving management efficiency does not lie solely in the application of technical knowledge or data. It is also important for managers to understand the deeper meaning of the term "management decision". Such an understanding contributes to making decisions that are not only technically justified, but also morally justified, taking into account the broader context of the company's activities. The article examines the concept of "management decision", which is considered to be the most important element of any manager's activity. The authors reveal the essence of a managerial decision as a process and a result, which involves choosing an alternative course of action aimed at achieving the company's strategic goals. The *subject of the study* is a managerial decision as a process and result of a choice made by managers within their powers. The *research methodology* includes analysis of scientific literature, synthesis and generalisation of the results obtained, systematisation and classification of managerial decisions according to various criteria, as well as identification and description of the main criteria for making managerial decisions. The *purpose of the publication* is to reveal the concept of "managerial decision", to study its essence, classification and criteria for making it. The article defines the concept of "managerial decision" as a process and result of a choice between possible alternatives made by managers within the limits of their official powers and competences. This choice is aimed at achieving specific goals of the enterprise and solving emerging problems. It includes analysis of the existing situation, evaluation of possible options, their optimisation and economic justification, and finally, selection of the most effective way to achieve the goal. On the basis of generalisation of various approaches, a classification of managerial decisions by various criteria is proposed, which allows better understanding of their diversity and peculiarities. The article describes a set of criteria that serve as a basis for evaluation, development and adoption of managerial decisions. The paper emphasises the importance of a comprehensive approach to management decision-making, based on a thorough analysis of the situation, a balanced choice between alternatives and a clear definition of implementation mechanisms. The *results* of the study may be useful for executives at various levels, managers, and researchers studying the theory and practice of managerial decision-making.

Keywords: management decision, classification of management decisions, criteria for making management decisions, conditions of uncertainty, efficiency.

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1. Introduction

The decisive factor for the growth of productivity in social production is the improvement of the quality of management decisions, which can be achieved through the improvement of decision-making mechanisms. The decision-making process follows a specific algorithm of management actions and procedures, including problem diagnosis, identification of potential solutions, analysis of options and selection of the optimal solution.

The primary objective of management decisions is to solve specific management problems, often involving uncertainty, conflicting conditions, limited information or undefined implementation methods, which require rapid decision-making.

Decision-making is an integral part of management. A manager, in making and implementing decisions, embodies management itself. Management is essentially the process of making decisions and implementing them. Managers are constantly making decisions, setting goals and organising work to achieve them. Hence, decision-making plays a central role in management theory. The science of management aims to increase the efficiency of organisations by improving management's ability to make informed decisions in challenging circumstances. Understanding the nature of decision-making is therefore crucial for anyone who wants to succeed in management.

Management decisions are essential in any endeavour to achieve predetermined objectives. Their adoption and implementation is a complex process that requires comprehensive analysis, taking into account numerous factors, risks and potential consequences.

The urgency of research into decision-making problems is driven by increasing external uncertainty, heightened competition and the ever-growing volume of information to be processed.

The purpose of this study is to elucidate the nature and characteristics of management decisions, to generalise and classify them, and to define and substantiate criteria for effective decision-making.

The object of research is the process of making and implementing management decisions.

The subject of the study is the theoretical and methodological foundations of decision-making and implementation in management.

The following methods were used in the study: analysis and synthesis of scientific literature on management theory and practice, a systematic approach to the study of management decisions, comparative analysis of different approaches to classifying and evaluating management decisions, and others.

The scientific novelty of the study lies in generalisation and systematisation of knowledge on the

essence and classification of managerial decisions, which take into account various aspects and characteristics, as well as in substantiation of the system of criteria for making effective managerial decisions, taking into account modern economic conditions.

The practical significance of the study lies in the fact that its results can be used by managers and specialists of enterprises, will contribute to improving the processes of making and implementing management decisions, thereby increasing their quality and efficiency.

2. The Essence of the Concept of "Management Decision"

A decision is an act of choice made by an individual or group when faced with alternatives. This concept is studied in various sciences because success in any area of life depends on making the right choices.

On the one hand, "decision-making" can be seen as a process consisting of three stages: preparation, decision-making and implementation. At the preparation stage, information is gathered, the problem is analysed and possible alternatives are identified. At the decision-making stage, one of the alternatives is selected. The implementation stage involves the execution of the chosen option.

A "decision", on the other hand, can be seen as the result of a choice, expressed in the form of a plan, project, order, instruction or other document. This result is a product of mental activity and has certain characteristics, such as purposefulness, alternatives and volitional nature.

Management decisions differ from other types of decisions. Firstly, they are based on the strategic goals of the enterprise, not on the personal needs of the manager. Secondly, they have a significant impact on the development of the enterprise, the welfare of its employees, and in some cases, the socio-economic situation in the region as a whole. Thirdly, they are usually performed by other employees, not by the manager who approved them. Fourthly, to make an important management decision, a manager must have professional, leadership and organisational competences.

Decisions are always made in a specific situation, characterised by available information, resources, time constraints, risks and uncertainties. The decision maker must consider all these factors to make the right choice.

A managerial decision is a crucial element of any manager's activity. Its essence lies in the conscious choice of an alternative course of action that is consistent with the manager's job competencies and powers and is aimed at achieving the strategic goals of the enterprise.

Making a management decision is a complex process that encompasses the entire management cycle, from setting objectives to monitoring implementation. At each stage of management there is a need to select the best option from a range of alternatives, making decision making an integral part of functions such as planning, organising, motivating and controlling.

In a broader sense, management decision-making is seen as synonymous with the management process as a whole. This approach is based on the fact that any management action, whether it's planning, delegating authority or controlling the activities of subordinates, ultimately involves choosing one of the possible courses of action.

The success of the entire enterprise largely depends on the quality of management decisions. Therefore, their adoption requires careful analysis, taking into account many factors, risks and potential consequences.

Numerous scientists have dedicated their works to studying the essence of management decisions. For example, D. Derlow (2001) defines a managerial decision as a certain control point at which a choice must be made from a variety of options and competitive offers. He suggests that this process begins when a decision is made to act in a certain direction, thus rejecting other potential options.

Diegtiar A. (2002) defines a management decision as a creative act of a manager that leads to the determination of optimal actions in a given real or planned production situation to solve a problem that has arisen in the process of functioning of the managed object.

Lysenko V., Kondratiuk N., Pronska V. believe that a management decision is "the result of an analysis conducted by studying the management situation, resulting in the selection of the subject of management from a range of possible alternatives and the clear establishment of a course of action aimed at achieving the set goals" (Lysenko, Kondratiuk & Pronska, 2019).

According to Vasilenko V., a management decision is "the overall result of a specific creative process of the manager, which requires specific actions from the team, which acts as an object of management for this manager" (Vasilenko, 2003).

Shulzhenko I., Ostapenko S., Symonenko V. formulate managerial decision as "a voluntary intervention of the management subject in the activities of the enterprise to exert a coordinating influence on the object of management in order to achieve the goals of the enterprise" (Shulzhenko, Ostapenko & Symonenko, 2018).

Oliinychenko O. notes that a management decision is a "creative process involving the development and implementation of one or more alternative options

from a set of possible alternatives aimed at achieving the intended goal" (Oliinychenko, 2007).

Zahorodniuk O., Pivtorak M., Maliuha L. define a management decision as "a series of successive actions in a cycle, consisting of separate procedures that naturally affect the organisation's management system to achieve its goals or solve problems" (Zahorodniuk, Pivtorak & Maliuha, 2019).

Petrunia Yu. Ye., Litovchenko B. V., Pasichnyk T. O. characterise a management decision as "the result of creative analysis of a problem situation carried out with a view to a specific goal, including the selection of ways, methods and means for its solution in accordance with the objectives of the management system" (Petrunia, Litovchenko & Pasichnyk, 2020).

The main reason for the different interpretations of the term "managerial decision" is that its interpretation depends on the specifics of the field of research. However, despite the variety of interpretations, a decision is always a type of cognitive activity characterised by the manifestation of human will, purposefulness, the ability to choose among a set of alternatives, the presence of justifications for the choice of a certain decision and the focus of the decision on a specific object of influence.

According to the authors, a managerial decision can be defined as a process and result of choosing between possible alternatives, carried out by a manager within the limits of his official powers and competences. This choice is aimed at achieving specific goals of the company and solving emerging problems. It involves analysing the current situation, evaluating possible courses of action, optimising them, justifying them in economic terms and, finally, selecting the most effective way of achieving the objective.

This process is a creative act that requires not only knowledge of the objective laws governing the managed system, but also the ability to analyse a large amount of information, take into account experience, intuition, and other non-scientific methods. The result of a management decision is not only the chosen alternative, but also its implementation in the company's activities to achieve the set goals and solve current problems.

Thus, managerial decision-making is a complex process that combines creative search, analytical activities, economic planning and strategic thinking. It is the primary element of any enterprise's management system, playing a crucial role in its development and adaptation to changing conditions of the external and internal environment.

3. Classification and Criteria for Management Decisions

In every company, decisions of various kinds are constantly being made at different levels of management. These decisions can be characterised by a number of criteria reflecting their different aspects. This diversity determines the multifaceted nature of their characteristics, which necessitates

the classification of management decisions. There are various approaches to such classification based on different sets of characteristics in the scientific literature (Sokurenko, 2019; Cherednyk, 2016; Tsiutsiura, Kryvoruchko & Tsiutsiura, 2012). Summarising these approaches, the following classification of management decisions can be proposed (Figure 1).

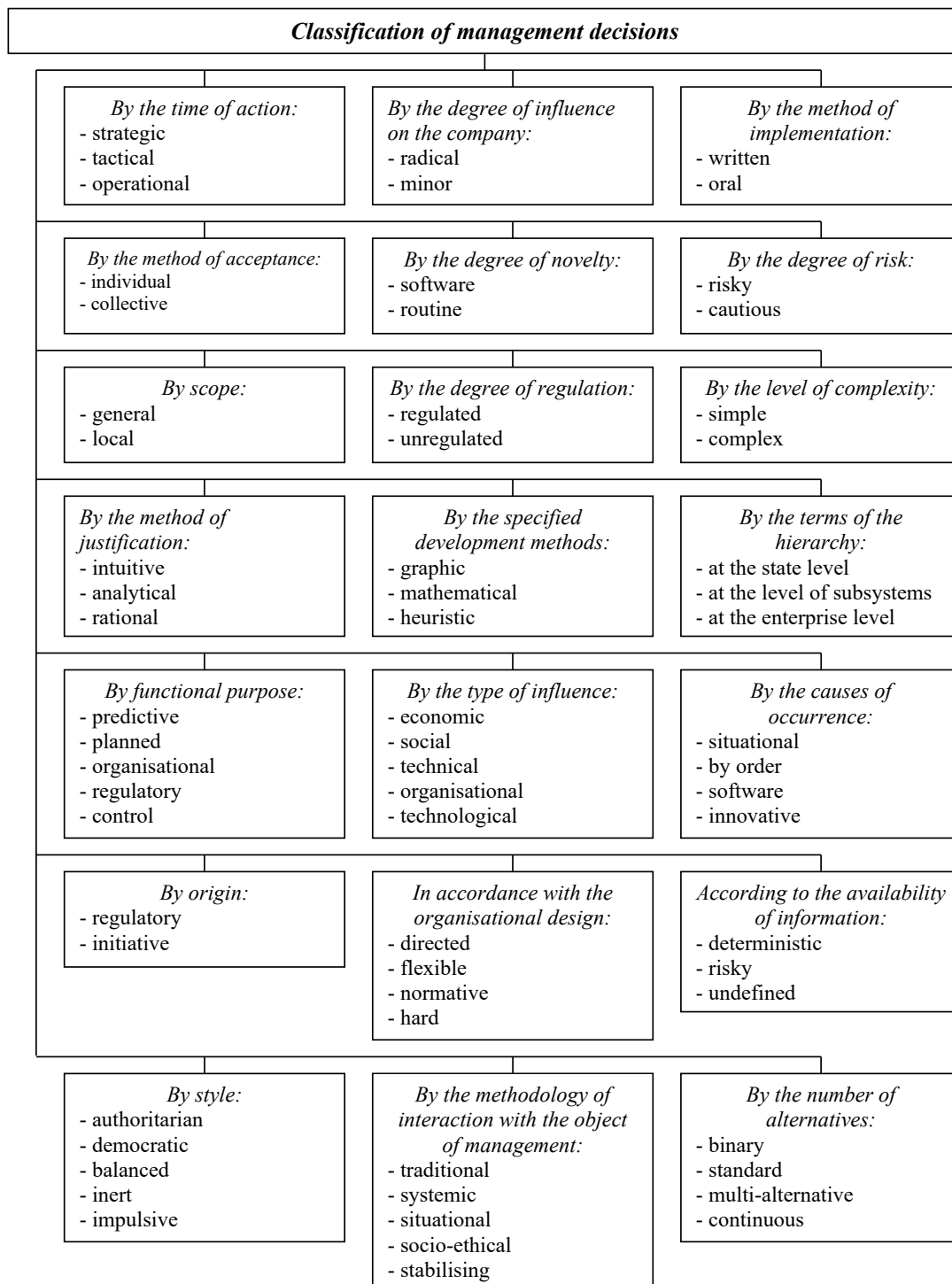


Figure 1. Classification of management decisions

The presented classification of types of management decisions can be expanded, because any classification or typology has a conditional, situational character and is rarely found in an ideal version, as it depends on the theoretical foundations and practical interests of researchers. Therefore, when developing various types of management solutions, it is necessary to take into account their complex, systematised characteristics.

In the theory and practice of management (Petrunia, Litovchenko & Pasichnyk, 2020; Shulzhenko, Ostapenko & Symonenko, 2018; Zahorodniuk, Pivtorak & Maliuha, 2019), a number of criteria are distinguished that serve as a basis for evaluation, development and management decisions. These criteria help ensure a comprehensive approach to management based on objective measures of the quality and effectiveness of decisions. The main ones include:

- **Relevance.** This criterion requires that the solution meets the current needs of the enterprise and its environment. Timeliness emphasises the need to respond to problems and opportunities "here and now", taking into account current trends and issues.
- **Specificity.** It implies clarity in the formulation of the tasks to be solved, identification of those responsible for their implementation, specific actions to be taken, as well as the timing of tasks. This criterion implies that every element of a management decision – from goals to mechanisms for achieving them – should be defined with maximum precision, ensuring that there is no ambiguity. This allows all participants in the process to clearly understand their roles and responsibilities, and facilitates effective control over the implementation of the decision.
- **Reasonableness.** This criterion requires that a decision is based on a thorough analysis of data, facts and objective circumstances. Reasonableness ensures a scientific approach to decision-making, minimising the risk of error.
- **Purposefulness.** This emphasises the importance of clearly defining the purpose of a management decision. The decision should have a specific goal that it is aimed at, helping the enterprise to achieve its strategic objectives.
- **Efficiency.** Evaluates how well the solution allows to achieve the goal with minimal resource expenditure. Efficiency is measured by comparing the results achieved with the resources spent.
- **Flexibility.** Reflects the ability of a solution to adapt effectively to changing conditions or circumstances without significant loss of effectiveness. It implies the ability to modify or adjust the solution in response to new problems that arise during its implementation. Flexibility also means that a solution can be cancelled or replaced with a new one if it loses its relevance or effectiveness in the changed environment.

- **Variability.** This emphasises the need to consider different alternative solutions, assessing their advantages and disadvantages before making a final decision.

- **Timeliness.** This emphasises the importance of making a decision at the right time. A decision made too early or too late can be ineffective or even harmful.

- **Completeness.** Indicates that all aspects of the problem should be considered comprehensively, including the potential consequences of the decision for all stakeholders. The decision should cover all relevant elements of the situation.

- **Competence.** Emphasises the role of knowledge, experience and professionalism of decision makers. Competence ensures high quality decisions and their relevance to the situation.

- **Legality.** This requires compliance with all applicable laws and regulations, which helps prevent legal problems and conflicts.

- **Authority.** This emphasises the importance of decision-making by someone who has the necessary authority and responsibility. This ensures the legitimacy and acceptability of the decision in the eyes of all stakeholders.

- **Consistency.** This ensures that the new decision fits into the overall strategy and policy of the enterprise and is consistent with previous decisions.

- **Clarity.** This criterion requires that the decision is formulated in simple and understandable language, without unnecessary complexity, if possible. The decision should be understandable to everyone involved in its implementation or affected by it, regardless of their level of knowledge and experience. This reduces the risk of misinterpretation and facilitates the quick and effective implementation of the decision.

- **Addressability.** This means that the solution takes into account the specifics and needs of particular actors, objects of management or groups of stakeholders. This means that the solution is not abstract or general, but is aimed at solving specific problems faced by certain entities or in specific areas of activity. Targeting helps to ensure that the solution meets the real needs and expectations of those to whom it is directed.

These criteria form the basis for rational, balanced and effective management decisions that contribute to achieving the company's objectives, strengthening its market position and adapting to changing external and internal conditions. The use of these criteria allows the management not only to formulate strategies that meet current needs, but also to manage resources effectively, optimise processes and increase overall productivity. By applying these criteria, it is possible to create conditions for innovation, ensure sustainable growth and development, and maintain high levels of employee and customer satisfaction.

The presented list of requirements for management decisions is variable and can be expanded according to situational needs and principles of sufficiency. It is important that the requirements for management decisions harmoniously combine the rights and obligations of the subjects and objects of management, ensuring the effectiveness and conformity of the decision with the abilities and skills of both managers and executors. This will help to ensure the optimal choice of ways of implementing solutions aimed at achieving the company's goals, taking into account the available conditions and opportunities.

Taking these criteria into account, the manager can choose the most effective option for implementing a management decision that meets the company's strategic goals and current conditions. At the same time, it is important to focus not only on achieving the final goal, but also on the process of decision implementation, which involves the interaction of various departments and employees, taking into account external and internal factors that may affect the effectiveness of the decisions made.

The management decision is thus the result of a comprehensive approach based on a thorough analysis of the situation, a balanced choice between alternatives and a clear definition of the implementation mechanisms that will ensure the achievement of the company's objectives. Taking these requirements into account not only increases the effectiveness of management decisions, but also contributes to increasing the overall efficiency of the company, strengthening its competitiveness and adaptability to changes in the external and internal environment.

4. Conclusions

Studying the essence of management decisions reveals their complexity and multifaceted nature,

which requires deep analysis and practical application of objective laws of intellectual activity, effective self-organisation and conscious mobilisation of resources for optimal problem solving. The basis for increasing the effectiveness of such decisions is a thorough understanding and improvement of the mechanisms of their adoption, which includes a comprehensive analysis of problems, identification of possible solutions and selection of the most optimal ways of their implementation. The decision-making process, which requires high qualification and competence of management, is a fundamental element of management, using strategic thinking to achieve set goals in conditions of uncertainty and limited information.

Prospects for further research in this direction include the expansion of the theoretical and methodological foundations of management decision-making, including the integration of the latest data processing technologies and artificial intelligence to increase the accuracy of forecasts and optimise the choice of decisions. Another important aspect is the further study of the influence of the external environment on management processes, which will allow better adaptation of corporate strategies under conditions of uncertainty.

Taking these directions into account, future research should focus on the development and implementation of innovative approaches to managerial decision-making. This includes expanding analysis and evaluation tools, improving mechanisms for selecting and implementing decisions, and increasing the competence and qualifications of managers for effective management in modern conditions. After all, ensuring the success of the company depends not only on the ability to identify and analyse problems, but also on the ability of the manager to make reasonable, original decisions aimed at achieving strategic goals.

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