

# DECISION-MAKING IN PRIVATE AND PROFESSIONAL LIFE

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**Abstract** In life, we are faced with making decisions every day, whether they are of private or business importance. Decisions are the result of the decision-making process, which bring us certain consequences, whether they are positive or negative. The decision-making process is demanding in itself, a situation in which we are forced to make a selection between two or more things, and thus arrive at a final decision. We will begin with a theory review on the topics of the decision making process, continue with decision making under conditions of uncertainty and in uncertain situations. Our discussion will focus on how the decision-making in private in professional life varies. We identify as the main difference between decision-making in private vs. decision-making in professional life to be our emotional involvement. We emphasize the importance of making the right decisions and managing the consequences of our decisions.

**Keywords:**

decision making, HRM, organization, management, private vs. professional life

## **1 Introduction**

A distinction should be made between private and business decision-making. Making decisions in private life is apparently simpler, because the one who makes the decision does so based on his experience, desire and ability, but it is certainly complicated by the very fact that our decisions depend on how we will rank in life and what we will achieve. On the other hand, business decision-making requires a higher level of prudence, knowledge and skill.

How skilled we can be at making decisions is a relative matter. Awareness of the responsibility we have for our actions and rationality are skills we should master. Considering the changes that happen every day in the business world, employees and responsible persons cannot avoid making decisions. The way in which the responsible person decides and the quality of the decision made, distinguish it as successful or unsuccessful (Balaban & Ristić, 2006).

Decision-making in uncertain situations is a big challenge for employees as well as for the organization. It is necessary to react rationally, in an adequate and ultimately successful way. Auxiliary instruments for approaching this process are strategy, knowledge, composure and instinct (Đuričin, Janošević, & Kaličanin, 2009).

It is an individual matter in which way and with how much dedication one approaches the decision-making process itself. Some do it with great caution and detail, while others approach the process more relaxed and with a certain amount of restraint and not too much pressure. There should be some environment in order for the decision-making process to be carried out in the most successful way.

## **2 Literature Review**

### **2.1 The decision making process**

Decision-making is a process in which a responsible person chooses between several options available to him and thus comes to an outcome, which in this case is a decision. Decision-making is a process in which it is necessary to identify a problem and then determine the direction in which that problem will be solved (Lalić, 2003).

Strategic decisions refer to certain strategies and goals that the organization wants to achieve, they provide a long-term solution. They must contain a vision that defines the direction in which the company is going, it must be clearly defined, realistic, but also challenging. After the vision, comes the mission, which represents the implementation of the vision itself, activities that will lead to fulfilled expectations. Strategic decisions represent a certain framework, within which the following tactical decisions will be located (Albijanić, 2003).

Tactical decisions ensure the realization of strategic ones, with the help of which efficiency is increased. They are short-term, but lead to strategic achievement. Then, operational decisions enable the realization of tactical ones, which represent the resolution of routine problems or situations that tend to repeat themselves. They include the lowest level management.

It is necessary that the decisions in the company are interconnected. We distinguish between horizontal and vertical connectivity. Horizontal connection represents the connection of decisions at the same level of management, they are mutually dependent, they must have a logical sequence of events. While vertical connectivity represents the connection of decisions at all levels of management, none of them are independent; higher level decisions represent the framework within which lower level decisions move.

Another division of decision-making that is significant for structuring itself is the division into: programmed and unprogrammed decision-making. Programmed decision-making implies knowledge of the existing problem and the very moment of its solution. It is used to solve routine problems, certain rules, procedures, instructions, etc. are used. A sufficient amount of information necessary for processing and solving the problem is available, therefore solutions are reached in a simpler way.

Unprogrammed decisions occur in situations that happen for the first time, there are no previous experiences on the basis of which it would be easier to reach a solution. Innovative decisions emerge from such situations. Unprogrammed decision-making is applied in uncertain and uncertain situations, in which an adequate and correct reaction is expected from the responsible person. The problem is poorly defined and there are fewer possible solutions for solving the problem (Lalić, 2003).

## 2.2 Decision making under conditions of uncertainty

Decision-making in conditions of uncertainty is an unenviable situation, in which responsible persons do not have the necessary information and necessary facts to solve the problem. The responsible person is not able to define how he will solve the problem. Causes are unpredictable results of external influences, over which the responsible person has no influence. This process is characterized by the absence of any evidence and record of the probability of the occurrence of a future state. This phase is characterized by the very name uncertainty, which represents an insufficient amount of information, the impossibility of influencing key factors and ignorance of the mechanism of the development of certain phenomena.

Uncertainty is any situation in which there is a probability of surprise. Such a situation in itself is a major cause of stress, which can further affect rationality and willingness to make difficult decisions (Jovanović, 2003). Decision-making in uncertain situations is seemingly impossible, but it is feasible if one adapts to the risk situation. It requires a high degree of systematicity, knowledge, quick and rational reaction.

There are two classes of uncertainty when making decisions in crisis situations: internal uncertainty, related to the values and judgment of the decision maker, and external uncertainty, which is based on environmental conditions beyond the control of the individual.

Two approaches to decision-making in conditions of uncertainty are defined: without sampling, which means that different decision-making criteria are applied, and with sampling, which is the application of objective and subjective probability distributions. One of the criteria used in the sampling approach is the criterion of maximum credibility, which refers to the prediction of the state with the highest probability of occurrence. The probability of occurrence is determined on the basis of professional assessment, knowledge of the situation and acquired experience. Decision-making without sampling is characterized by subjective decision-making, using outdated data, basing only on unverified information and old experiences.

## **2.2 Decision making in uncertain situations**

By analysing the organization, we gain insight into both the relationship with the environment and external processes. In this way, we notice certain mistakes and shortcomings that need to be corrected, potential challenges that await us. By analysing the situation, we have a certain insight into what we have and what awaits us, which is one of the reasons that confirms that the strategy affects the development of potential risks.

The chosen strategy improves the interaction with the environment, amortizes the negative effects of the environment, if possible improves the situation in the environment, if not, it needs to be changed (Mašić & Tot, 2000). The strategy helps to achieve efficiency, takes care of the profit potential of the organization. With the help of strategy, we observe the factors of successful and unsuccessful business, by analyzing the company, the competitive market, we compare the results, we notice irregularities that we transform into better results.

Perhaps one of the best things that strategy brings is that the organization gains the ability to quickly react to change, embrace change and implement it. This gives organizations greater control over achieving their business goals (Radić, 2008). Which tells us that if the organization finds itself in an unexpected, risky situation, with the help of a well-planned strategy, it already has a slight advantage in navigating such situations. Another factor that confirms the impact of the strategy on reducing the risk of negative changes.

Crisis management means keeping the crisis in one frame and preventing its spread. It is very important to carry out a detailed analysis, on the basis of which the problem will be identified, and then come up with activities to stabilize the situation and stop the spread of the problem. It is necessary to apply a certain strategy for crisis situations.

Containing and calming the crisis is the first step towards solving the problem. After an adequate reaction and successful calming of the problem, the actual process of eliminating the crisis, i.e. returning to the initial state, is reached. Communication and the flow of information, as well as the recording of all activities, represent

benefits after the end of the crisis, due to analysing the situation and the reaction itself, seeing mistakes and learning for new potential problems (Savolainen, 2022).

In the first stages of crisis resolution, it is necessary to define goals and use the right people and resources. The most difficult thing is to see what is actually a specific problem and what are the causes, in order to further determine the direction of the solution. Then setting goals, planning activities and the persons who are responsible for each activity individually. Then management, which enables the realization of the plan, coordination of activities. And finally, the closing phase of the project when all the goals have been met and the analysis of everything that happened.

Crisis situations are characterized by a lack of information and time to gather it. But the lack of information should not be a barrier to quick action, that is why it is important to be prepared for such situations and use what we have (Ritchie, 2020).

The strategy can also include a segment of managing a crisis communication situation, which is very important for the further development of the situation. It can contain a plan for how crisis communication will take place, in which situations and to what extent, in which way certain information related to the crisis situation will be presented. In addition, good interpersonal communication and relations between employees are very important for business and employee cooperation. Employees are more dedicated to their work and tasks, participate in achieving strategic goals and formulating and implementing strategy (Sawan, Suryadi & Nurhattati, 2020).

In addition to preventive steps, it is very important to emphasize that the strategy includes the period after the outbreak of the crisis. A segment that will deal with the simplest possible removal of consequences, carefully planned steps with as few losses as possible. A plan on how to behave in situations after the outbreak of a crisis, which are the steps to prevent the spread of the crisis. It is inevitable that at some point a crisis situation will arise, so it is important that the organization reacts as soon as possible, calmly and efficiently.

Without a strategy that includes this segment, a situation may arise that the organization and its employees do not know how to react, that they have not learned to adapt to changes as soon as possible, and in such moments it is necessary to be very careful.

### **3 Discussion**

For crisis and uncertain situations, the reaction of employees and responsible persons, as well as the entire organization, is very important. It is very important to remain composed and resolutely continue with work, to set priorities, which in any case are people and their safety. The basic tools with which to deal with crisis situations are knowledge, values, skills and occasionally instincts.

The difficulty of making decisions in crisis situations is great, there is little data, it is necessary to react quickly, because otherwise they increase the chance of spreading or repeating the crisis. It is necessary to remain composed and rational, but also to react quickly. In case there are certain doubts at a given moment, there are ways to solve them. In case there is a strategy or plan for emergency situations, there are also guidelines for behaviour in such situations, which employees can use. Adhere to ethical values that are a good instrument for making correct decisions. Using instinct, which is built on the basis of knowledge and previous experiences, can be a good reaction for emergency situations.

A continuous flow of information is the key to mutual support and information. The use of only valid facts, no unverified information, subjectivity and attitudes, because in this way the validity of the information can be undermined. It is desirable to communicate all information, whatever it may be, in an adequate manner. In order for decision-making to be more successful, information must be timely and appropriate, it must be properly processed. Information is one of the resources that the organization has and therefore it is possible to manage them.

Responsibility is of great importance when making decisions, and it is even more emphasized when it comes to an uncertain or crisis situation. In addition to the moral responsibility that every person has, norms of behaviour and certain principles, there is also a material one, which represents monetary compensation for damages in the event of irresponsible behaviour of the responsible person. For

people, a large amount of responsibility usually causes the presence of stress. Stress can affect human physiology, psychology, and behaviour. Nervousness, bad mood, negative feelings that cause impulsiveness and recklessness are the most common. Impulsivity and recklessness are not good choices when it comes to decision-making strategy in an uncertain situation. Impulsive decisions can lead to long-term negative consequences.

In uncertain situations, programmed decision-making is used, which represents facing a new situation without previous experience. An approach to an unstructured problem, with unpredictable and one-off situations, must be complemented by knowledge and include creative solutions. New procedures are introduced, new ideas are created and implemented.

Decision problems in risk management are unstructured and have many criteria that influence problem solving. Risks are interconnected and evolve and require constant review of decisions. That is why it is important to form a priority list that will include the entire analysis of the problem, methods for eliminating the crisis situation and all the necessary means. The emergence of new information forces those responsible to reconsider previous decisions. It is necessary to have an overview of the events during the risk in order to monitor the effectiveness of the chosen risk solution, but also to monitor new potential risks.

Decision making in risk management can take many forms. Decisions can be reduced to a single alternative, for example adopting a risk management framework that the organization will adhere to in a crisis situation, such as the ISO standard for risk management. But that option causes doubts such as whether the organization can implement the framework, whether employees understand and support it, whether it is actually a universal solution when a crisis occurs. On the other hand, the chosen method can be prioritization, distribution of activities according to urgency and importance.

There is not a single decision-making process in any segment where errors cannot occur. Especially when it comes to environments where rapid changes occur and where uncertainty reigns. Very often, we are not able to assess the justification of the decision we make, and it very often happens that a mistake is made. In such



situations, it is necessary to put principles aside, admit the mistake, in order to see it and eliminate it and continue with the further process.

#### **4 Conclusion**

Changes happen with or without our attention or influence, and there are dangers that are difficult to notice. Risk should not be understood as a justification, but as a situation that needs to be changed using safety, prevention and preparation of means for action. In conditions of risk, the responsible person may know the possibility of solving the problem, but he does not know the consequence of choosing each possibility. The percentage of certainty in the decision decreases due to the lack of information necessary for its processing.

Learning from a crisis is one of its positive aspects, the ability to react quickly is observed, experiences are gathered, with the help of daily review and evaluation of the program, control of all existing external and internal influences. Not all dangers can be avoided, therefore it is important to have a strategic plan in case of crisis, an action plan, a plan for taking control, a plan for recovery.

The decision-making process includes observations and decision-making, which result in the selection of a specific activity to be undertaken or a strategy to be put into practice, all with the aim of reaching the set goal (Pereira, Ekel, & Palhares, 2015). A well-planned and implemented strategy brings good results, enables better readiness to react in certain situations. We are aware that it is actually very important to invest in prevention, it is easier to invest money and effort in prevention than later in rehabilitation, which can cause much greater damage. There is a high probability that the strategy by itself cannot completely eliminate the possibility of risk or that it will remediate all new problems in a short time, but it definitely has a positive effect on the way of thinking, preparedness, and investment enables certain resources. which will help in critical situations.

In order for the decision to be high-quality and optimal, there must be a higher level of education, information, or skills and resourcefulness. Those responsible must possess a high degree of responsibility. Responsibilities are mutually distributed, as well as influence and power between different levels in the organization. It is not only the desire and responsibility to make a decision that is required, but also the

ability to make correct and high-quality decisions. The ability to make the right decisions at the right time depends on knowledge, experience, resourcefulness, whether we actually understand the core of the problem, how we analyse it.

In conditions of great uncertainty, the responsible person is unable to assess the complete correctness of the decision made. That is why it is desirable to have more options, to experiment in certain stages of decision-making, in order to significantly get closer to the optimal decision, which will reduce the number of potential errors.

In complicated situations, when making a decision, the responsible person should carefully face stress, which would mean that he should accept it and not let it dominate him. Then careful collection of relevant information, impartial assessment of possibilities before making a decision. Hesitation and transfer of responsibility can further complicate the case, because time is limited and it is necessary to have a reaction adequate to the case. It is also necessary to avoid panicky decision-making, which can cause damage and spread the crisis.

Openness to changes and an active attitude towards risk are characteristic elements in the decision-making process during crisis situations. It is impossible to eradicate risk, but it is possible to calculate risks, keep them under control and know how to manage them.

Depending on the degree of success of the decision-making process, the consequences will affect the organization itself and its position on the market. Decision-making in conditions of uncertainty is possible, it is only necessary to adapt it to the risk, which would mean analysing the current situation and available information. In addition to objective means in the decision-making process, responsible persons also rely on subjective feeling, which is based on practical experience. The quality of the decision depends on the available information and the ability of the responsible person to convert that information into decisions.

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