

Impact of Decision Making Style and Life Orientation on Retention Decision of an Employee at MSME

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Key Words:

1. Decision Making
2. Life Orientation
3. Retention Decision
4. MSME

Abstract

The study aims at identifying the reasons behind Why do employees stay with an MSME. This study was conducted on sample of 30 executives working in 15 different MSME's in vapi, Daman and valsad region. The reasons for the phenomenon of an employee to continue with an MSME were gauged by finding out their Decision Making Styles and Life Orientation through the inventories developed by Dr. Udai Pareek and Surabhi Purohit

INTRODUCTION

Looking at the current scenario of the economy, all organisations faces the problems of attrition or loss of talents because unlike in the past the psychological contract of employees today is more of transactional in nature rather than relational which ,means if employees get an opportunity which they feel is better than the existing one the employee shifts shift jobs. So in order to keep its good people with itself the organisations have to put in the efforts. The areas where it will have to put efforts can be identified by analyzing the life orientations and decision making styles of the employee. The organisation if can understand that which factor do the employee give priority while making any decision, those decisions can be foreseen and bring it to the organization's favor i.e. Retention.

Life orientation means how do people view or see their life as, i.e their approach towards life. The orientation that any individual has towards life is the base of any decision, he or she takes. People having an attitude or an outlook of growth, innovation and change are the enlargers these are the types of individuals who wait for the opportunity and as an when they get the opportunity they grab it and make optimum use of it. The opposite of the are enfolders, these individuals are the ones who enjoy stability and usually follow traditional styles rather than trying something new. Phenomenally these are such type of individuals who resist change and likes the things to be the way they are rather adopting something new even if it means getting higher

benefits and returns.

CONCEPT

Life orientations: Life orientations or life styles are the general orientations in one's life. The concept of life style was originally proposed by Adler in 1930. Adler suggested three characteristics of styles of life: origin in childhood, self consistency, and constancy (Anabacher and Anabacher, 1956, pp.186-191). In an indepth and longitudinal study of successful and less successful executives in well known organisation, Bray, Campbell and Grant (1974) identified a number of factors associated with career and role success and failure.

Two distinct patterns emerged grouping these. The one associated with career/job success called Enlarging style, while the other associated with less success, was called enfolding style. This distinction between the two is contrasted below.

Enlarging

The enlarging life style is oriented towards the goal of innovation, change and growth. The enlarger moves away from tradition and places his emphasis on adaptation, self-development and the extension of influence outward into work and community spheres. At same time, their earlier ties to parents and formal religious practices begin to weaken. They keep up with the current events and are likely to achieve a position of influence in the organisation.

Enfolding

The enfolding life style is concerned to the goals of tradition, stability and inward strength. Rather than pitching his strength outward, the enfolder seeks to cultivate and solidify that which invites attention within his more familiar sphere. He values parental ties and if he can,

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seeks to keep an active relationship with boyhood chums. He may find it quit upsetting to leave his hometown even if the move portends job advancement. In a new locale, he is likely to experience considerable difficulty in feeling at home. He is not awed by fads. He forms a close attachment to a small circle of friends, and most of his socializing is done with relatives. Status consideration sometimes embarrasses him.

Individuals who have enlarging orientation towards life are more self development oriented whereas the ones who have an enfolding orientation of life are more inclined towards stability rather than growth or development

Decision Making Styles

Decision making has been considered as one of the central variable in modern organizational theory. It is believed that the key to understanding the decision process lies in understanding the problem which has created the need for a decision. The failure to define and to understand the decision problem adequately is what causes the greatest difficulty in decision making.

All individuals are not equally adept at making decision. Eckstein, D.G and R Driscoll, (1982) suggested that people differ in this ability just as they differ in all other characteristics and not only they differ in ability but they also differ in terms of their basic strategy when it comes to the concept of decision making style. Decision making style is based on the cognitive behavior psychology.

In past lot of research has examined various components of decision making perspective, and several decision making style assessment have been developed. The decision making style inventory used here is based on Scott and Bruce's (1995) concept and research findings.

The five decision making styles followed by us are:

Perceptive Decision Making Style

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

Differing Decision Making Style

A person with an differing decision-making style will make

every effort to avoid from having to make a decision. It is characterised by delivery and denial .It can be driven by calculation or defensiveness but on both counts,it may provoke difficulties if over-emphasized.

Impulsive Decision Making Style

This type of decision displays a sense of immediacy and an interest in getting through decision making process as quickly as possible.

Detached Decision Making Style

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

Behavioral Implications of Life Orientation and Decision Making Styles

One of the common problem that organizations face ion the context of people is attrition i.e. employees leave the organisation and go somewhere else.

Organizations design various strategies to reduce the rate of their attrition so that the organisations do not face the talent crunch or drainage of good and talented people. But making or designing strategies to reduce attrition is more of a reactive approach, which means after the incidence has occurred we take steps to manage the loss which has been incurred due to that incident.

A more proactive approach to the same problem can be looking on to the other side of it. Designing strategies which talks about retaining good people well in advance.

The decision that an employee takes to quit an oraganisation is not a days task rather it is the product of the decision making process which starts from generation of a cause which is either organisation related or personal to the employed.

THE WORK

The micro, small and medium enterprises (MSME) sector contributes significantly to the manufacturing output, employment and exports of the country. It is estimated that in terms of value, the sector accounts for about 45 per cent of the manufacturing output and 40 percent of the total exports of the country. This sector is estimated to employ about 42 million persons in over 13 million units throughout the country. Further, this sector has consistently registered a higher growth rate than the rest of the industrial sector. There are over 6000 products ranging from traditional to high-tech items, which are being manufactured by the MSMEs in India.

MSME contribute highly in generation of employment in Valsad, Vapi and Daman. Apart from these MSME's these regions also have MNC,s and large scale organisations competing them in the manufacturing sector. These MNC,s have well established H.R department undertaking various H.R activities very efficiently including retention of in the organisation. They are offer good salaries ,perks and other welfare facilities compare to the MSME. But they still face the challenge of employee retention. The rate of attrition is very high in MNC's despite their efforts, in the direction to reduce it.

Compared to MNC the retention rate has been seen higher in medium, small and micro enterprise, it has been seen that employee many times join a MSME at the beginning of their career and stay with it till their retirement.

This study focuses on 'why do people retain in any organisation'. It targets MSME's in Valsad, Vapi, Daman region and taken a sample of 30 employees of middle Management level with experience of more than five years and in this study we have tried to find out that which is the basis factor that lead to the retention decision of any individual.

Research Study

Retention is also one type of decision that every person working in an organisation takes during his or her career. In this study we have tried to identify that those employee associated with MSME from minimum five years, generally which type of decision making style they adopt from the major four decision making styles. These four decision making style are Perceptive, Deferring, Impulsive and

Unperceptive, most of the decision that any individual makes is backed by their orientation towards life .The study aims to know that depending upon the style of decision making and life orientation what are the factors that make an employee hold on to the same MSME for the duration of more then five years.

RESEARCH OBJECTIVES

- 1.To find out that which decision making style and life orientation is prominent among the middle management employees working in MSME's for more than 5 years in Vapi, Valsad and Daman region.
- 2.To find out the correlation between the various decision making style and the life orientation of the respondents.
- 3.To Find out the Relationship between two Life Orientations
- 4.To find out the relationship between the No. of years of Experience and the Life Orientations
- 5.To find out the relationship between the No. of years of Experience and the Decision Making style

FINDING

Objective 1

To find out that which decision making style and life orientation is prominent among the middle management employees working in MSME's for more than 5 years in Vapi, Valsad and Daman region.

Table 1 : Total Scores of the respondents on each variable

| Respondents | Decision Making Style | | | | Life Orientation | | Experience |
|-------------|-----------------------|-----------|-----------|----------|------------------|-----------|------------|
| | Perceptive | Deferring | Impulsive | Detached | Enlarging | Enfolding | |
| 1 | 19 | 15 | 15 | 13 | 29 | 25 | 22 |
| 2 | 22 | 25 | 11 | 17 | 24 | 31 | 23 |
| 3 | 23 | 14 | 08 | 13 | 33 | 32 | 16 |
| 4 | 25 | 25 | 17 | 19 | 24 | 17 | 5 |
| 5 | 24 | 11 | 10 | 05 | 34 | 31 | 8 |
| 6 | 21 | 14 | 14 | 14 | 32 | 32 | 5 |
| 7 | 16 | 09 | 10 | 10 | 23 | 31 | 24 |
| 8 | 20 | 15 | 11 | 07 | 24 | 27 | 11 |
| 9 | 20 | 14 | 11 | 04 | 19 | 28 | 12 |
| 10 | 25 | 11 | 09 | 08 | 33 | 33 | 18 |
| 11 | 23 | 17 | 10 | 15 | 33 | 27 | 14 |
| 12 | 21 | 08 | 06 | 05 | 30 | 22 | 27 |

| Respondents | Decision Making Style | | | | Life Orientation | | Experience |
|-------------|-----------------------|-----------|-----------|----------|------------------|-----------|------------|
| | Perceptive | Deferring | Impulsive | Detached | Enlarging | Enfolding | |
| 13 | 21 | 20 | 12 | 13 | 29 | 29 | 28 |
| 14 | 22 | 25 | 11 | 17 | 33 | 28 | 28 |
| 15 | 23 | 14 | 08 | 13 | 32 | 23 | 27 |
| 16 | 20 | 10 | 10 | 15 | 36 | 22 | 22 |
| 17 | 11 | 11 | 12 | 14 | 25 | 25 | 08 |
| 18 | 21 | 14 | 14 | 14 | 21 | 22 | 19 |
| 19 | 15 | 14 | 07 | 11 | 20 | 20 | 23 |
| 20 | 20 | 09 | 05 | 02 | 28 | 29 | 11 |
| 21 | 23 | 11 | 08 | 11 | 34 | 31 | 12 |
| 22 | 18 | 15 | 16 | 11 | 34 | 28 | 30 |
| 23 | 20 | 09 | 05 | 02 | 35 | 32 | 10 |
| 24 | 22 | 09 | 06 | 03 | 29 | 21 | 17 |
| 25 | 20 | 15 | 11 | 09 | 30 | 31 | 21 |
| 26 | 16 | 12 | 05 | 05 | 23 | 23 | 26 |
| 27 | 09 | 11 | 22 | 17 | 36 | 31 | 06 |
| 28 | 21 | 20 | 15 | 16 | 37 | 21 | 08 |
| 29 | 20 | 15 | 14 | 06 | 27 | 30 | 06 |
| 30 | 19 | 15 | 10 | 12 | 27 | 28 | 07 |

Table 3 : Total frequencies of respondents on each decision making style with respect to the two life orientations

| | Enlarging | Percentage | Enfolding | Percentage | Total | Percentage |
|------------|-----------|------------|-----------|------------|-------|------------|
| Perceptive | 12 | 55 | 7 | 32 | 19 | 86 |
| Deferring | 1 | 05 | 1 | 5 | 2 | 9 |
| Impulsive | 1 | 05 | 0 | 0 | 1 | 5 |
| Detached | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 14 | 64 | 8 | 36 | 22 | 100 |

*The total number of respondents were 30 but in the above table only 22 has been accounted for because the 8 respondents who have not been account for has got same score in two parameters and therefore they cannot be singularly counted.

There were in all 14 respondents with Enlarging Life Orientation. Out of these 12 had perceptive decision making style, 1 Deferring and 1 Impulsive. 8 respondents had Enfolding Orientation towards life

Table 4 : Mean & Standard Deviation of Decision Making Styles

| | Perceptive | Deferring | Impulsive | Detached |
|--------------------|------------|-----------|-----------|----------|
| Mean | 3.8 | 3.0 | 2.4 | 2.4 |
| Standard Deviation | 0.5 | 0.6 | 0.5 | 0.7 |

Table4 :Mean & Standard Deviation of Decision Making Styles

| | Enlarging | Enfolding |
|--------------------|-----------|-----------|
| Mean | 2.9 | 2.7 |
| Standard Deviation | 0.5 | 0.4 |

The Mean for Perceptive Decision making style is highest with the score of 3.83 compared to the other decision making styles. Similarly among the two life orientation the mean score of enlarging style is more then Enfolding with a score of 2.91.

Objective 2

To find out the correlation between the various decision making style and the life orientation of the respondents. The correlation score between perceptive decision making style and enlarging life orientation is 0.65 at a significance level of 0.19 this score is highest among all other relationships derived and the lowest score is between enfolding lifestyle and deferring figuring -0.197 at .296 significance level.

Objective 3 :

To Find out the Relationship between Two Life Orientations

Hypothesis 1

Ho: There is no significant relationship between enlarging life style and enfolding life style.

H1: There is significant relationship between enlarging life style and enfolding life style.

Table 5: ANOVA

| | Df | SS | MS | F | Sig. F |
|------------|----|-------|------|------|--------|
| Regression | 1 | 0.48 | 0.46 | 2.42 | 0.13 |
| Residual | 28 | 5.32 | 0.20 | | |
| Total | 29 | 5.787 | | | |

The calculated Value of t is 2.42 which fall inside the acceptance region of table value 2.92 accepting Null Hypothesis

DISCUSSIONS AND FINDINGS

The data showed a strongest correlation among perceptive

decision making style and Enlarging life orientation.

It means that people who have an enlarging orientation in life are bound to be more of perceptive decision makers. The scores that support the above statement was 0.242 at 0.198 significance level. The above data was supported by the fact that among the 30 respondents the majority of them were found to be of enlarging life orientation and having a perceptive decision making style with the proportion of approximately 54 %.

And there was found to be a negative correlation between Enfolding life orientation and deferring decision making style with a score of -0.197 at significance level of 0.267 only. This data says that though there is a negative relationship between the two it is not so strong.

Hypothesis 1

There is no significant relationship between enlarging life style and enfolding life style

The two orientations of life do not have any relationship among them, both of them are distinct.

Table 6 : Relationship between Experience and Life style and Relationship between Experience and Decision Making Style.

| Items | Observations | t stat the range of 1.71-2.05 | Hypothesis Result. |
|---|------------------|-------------------------------------|------------------------------|
| t test between enlarging life style and experience of more than equal to and less than 15 years | 14 and 16 | 0.61 | Rejection of Null Hypothesis |
| t test for enfolding life orientation and experience of more than equal to and less than 15 years | 14 and 16 | 1.07 | Rejection of Null Hypothesis |
| t test perceptive decision making style and experience of more than equal to and less than 15 years | 14 and 16 | 0.35 | Rejection of Null Hypothesis |
| t test for Deferring Decision and experience of more than equal to and less than 15 years | 14 and 16 | 0.46 | Rejection of Null Hypothesis |
| t test between Impulsive Decision making style and experience of more than equal to and less than 15 years | 14 and 16 | 1.17 | Rejection of Null Hypothesis |
| t test between Unperceptive Decision making style and experience of more than equal to and less than 15 years | 14 and 16 | 0.35 | Rejection of Null Hypothesis |

From the table 6 it can be interpreted that the calculated value of t is 2.42 which fall within the acceptance region. The acceptance region is in between 1.01 and 2.95. Which means the null hypothesis is accepted and that there is no significant relationship between enlarging and enfolding life orientations.

These two orientations are the two poles of a continuum. Enlarging life orientation says or talks about growth, innovation and change etc. whereas enfolding orientation talks about stability, avoiding change etc.

Every individual has certain outlook or approach towards ones life. And this orientation can either be enlarging or enfolding or could also have a balanced approach.

Therefore the data also shows that there is no significant relationship between the two orientations.

Hypothesis 2

There is no significant difference between Enlarging Life Style and Experience

The respondents studied here were having an experience of at least five years and among these 30 respondents the years of experience ranged from 5 years to 30 years. And as the employees get more and more experience his/her approach towards life changes and to some extent gets matured.

Table 6 shows a t test between enlarging life orientation and no. of years of experience. The t statistic score calculated was 0.6110 and the range for the t - value at 0.54 significance level is 1.70 to 2.055.

The calculated value of t falls outside this range which means that the hypothesis rejected and we can derive the inference that as the no. of years of experience increase there is a change in enlarging life orientation.

Hypothesis 3

There is no significant difference between Enfolding Life Style and Experience.

People who have enfolding life style are the ones who are stability oriented and who keep on avoiding change, they are then people mostly who are satisfied with what their current level.

Mostly people who have enjoyed their life and now reached a state wherein they re satisfied with what they posses fall into this category. They are the people who have earned a lot of experience till now.

The above statement is supported by the score of the t test. From table 6 we can see that the calculated value of t is 1.07 which falls outside the acceptance region which ranges

from 1.69 to 2.04 which means that the null hypothesis is rejected and the alternate hypothesis is accepted which says that there is a significant difference between enfolding life orientation and no. of years of experience increases the individual becomes more and more enfolding in nature wherein he or she starts seeking to settle down and opt or stability rather than innovation and change.

Hypothesis 4

There is no significant difference between Perceptive Decision Making Style and Experience

Table 6 shows the test between perceptive decision making style and Number of years of experience. The t score is 0.355 which falls outside the range of the t values which is from 1.71 to 2.07. Therefore the hypothesis is rejected which means that there is significant difference between the perceptive decision making style and experience, i.e. this style of decision making changes with the no. of years of experience.

A perceptive decision maker is one who views every decision from a rational point of view, weighs all its pros and cons and then comes to a conclusion so it can be said that

Hypothesis 5

There is no significant difference between Deferring Decision Making Style and Experience

This hypothesis talk of identifying the relationship between Deferring Decision making style and years of experience an employee has. The aim is to find out whether the number of years of experience has any impact on the deferring decision making style of an employee. Table 6 shows the t test applied to find out the above. The value of t is 0.46 which falls outside the acceptance region which is been shown as 1.70 to 2.04.

It means that the null hypothesis is rejected and there is a significant difference between the deferring decision making style and years of experience. Employees deferring decision making style changes with the years of experience. People who have this style usually keep on postponing their decisions on a later date and usually this tendency is of people who are new to work as employees get used to their job or gain certain amount of experience their decision making becomes more of on time and demand rather then postponement of same.

Hypothesis 6

There is no significant difference between Impulsive Decision Making Style and Experience

Table 6 shows the t test applied between Impulsive decision making style and years of experience that an employee has.

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

Hypothesis 7

There is no significant difference between Detached Decision Making Style and Experience

People who have detached decision making style have a problem taking the responsibility of the decisions they make. Their decisions are not based on any rationale and are randomly taken; due to this they don't feel the ownership of the decision. The result of the t test applied to find out whether there is any relationship between the detached style of making decisions and numbers of years of experience can be observed from table 6. It shows that the calculated Value of t is 0.355 which falls outside the acceptance region which is been shown as 1.71 to 2.07. It means that the null hypothesis is rejected and there is a significant difference between the detached decision making style and years of experience. As employees get matured over work they may become more responsible for the decision they make.

ANALYSIS AND CONCLUSION

It is easy to find out the reasons behind why do employees leave an organization by conducting exit interviews, but it is to identify why employees stay with an organization. The purpose of this study is to find out those reasons and then use them to design proactive retention strategies. There can many factors that influence the decision of the employees to stay with any organization and the priority of those factors differ from person to person. This difference is brought about by the decision making style and life orientation they possess.

Any decision that employee makes is backed by various factors. To stay with an organization for a long period of time is also a decision that an employee makes in his career. This decision of his/her may be either influenced by the organizational factors, family factors or personal factors. Each individual has his/her own decision making style which can be broadly classified into four categories they are Perceptive, Deferring, Impulsive, and Detached. An individual who has perceptive making style would weigh all the pros and cons of every decision he/she is about to take based on the rationality will come on to one decision. Over and above the decision making style, the way individual looks at his or her life or in short the life orientation also has impact on the decision of an employee to be with an

organization.

From the study it can be concluded that most of the people who are working with an MSME in Vapi and Daman region for more than five years are perceptive decision makers and have an enlarging life orientation. It means that if people are continuing with an organization they might have weighed all the pros and cons of the same and there would be certain organizational factors like good environment, opportunity to grow, autonomy in work etc which have made him or her to remain with the organization.

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

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