



ADOPTION OF NON-PROGRAMMED DECISIONS IN THE MARKET UNCERTAINTY IN THE REPUBLIC OF MACEDONIA

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Abstract

The decision we consider as an act of self-determination of the subject in terms of a result, to get another that will fit. The decision-maker may be an individual or group of people. In the working process of each company, every day is a need manager for an adoption of various decisions, whose implementation is traced direction of survival and further development of the company. Such decisions are made daily by the various levels of management teams in the firm and all have a proper place and importance in the process of operation of the company. Deciding how the process involves the activity of the decision maker or manager who needs to make it, and that applies reflects the overall operation of the enterprise. There are various types of decisions, some significant, some did not so significant, decisions that are taken daily or decisions that are made are rarely or only once. The division of decisions based on different grounds is more layered and therefore, there are many criteria for division and branching species of decisions. According to this division, programmed decisions are those features that are taken daily, often systematic and such decisions are relating to the daily operations of the company. Non-programmed decisions are commonly made in situations that are unforeseen, sudden and in a situation which brings major threats that caused a specific new situation. The significance of the non-programmable and their decision-making by managers actually is one of the most important components in the operation of a successful business, thus, the need for greater attention towards such decisions is becoming more important, especially in a free and open economic market. Such decisions are usually given when the decision maker does not have enough information to be able to rationally anticipate certain alternatives and options, which in turn carry a certain risk in relation to the desired result, which should be achieved by adopting them.

Keywords: decisions, non-programmed decisions, manager, enterprise, strategic management

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1 INTRODUCTION

Non-programmed decisions are commonly made in situations that are unforeseen, sudden and in a situation which brings major threats that caused a specific new situation. The significance of the non-



programmable decisions and their adoption by the managers is, in fact, one of the most important components in the operation of a successful enterprise, thus, the need for greater attention towards such decisions is becoming more important, especially in a free and open economic market. Such decisions are usually taken when the managers do not have enough information to be able to rationally predict certain alternatives and options that still carry a certain risk in relation to the desired result, which should be achieved by adopting them.

Problems arising in a condition of uncertainty and strong competition in the market that have caused the adoption of non-programmed decision presents a problematic framework of this research. The subject of this research is non-programmable decision-making by managers of the companies, together with all the possibilities and problems arising in the process. The main objective of the research will be to spot the causes that lead to the need of adopting non-programmable decisions, detect hazards that cause the adoption of non-programmed decision because the non-programmable decisions often have strategic importance for the company.

The essence of the decision making actually means to determine on the adequate way the plan to improve the procedures of work, exploit and develop all available means and resources to manage risk and to define a strategy in the operation of the company. Because from these reasons decision-making is a complex process that continuously takes place in the frame of the working of an organization.

Considering the improvement of the procedures in organization operation up until the definition and creation of the strategy of the organization, in order to be better, more efficient and provide better results.

The nature of the business decision-making is that it complicates the procedures relating to the collection and use of information and linking them with the knowledge. Therefore, it is very important to identify and define the right set of information in order to bring the appropriate business decision that affects the operation of the entire organization.

Managers throughout its operations are constantly faced with the need to make certain decisions, which are often with decisive influence on the future of the organization, make decisions that shape the outcome of business that are managing, decisions that deeply affect the organizational effectiveness and certainly have a great impact on the efficiency of the realization of the goals the company has set.

Making decisions is a constant and continuous process in which managers identify problems and opportunities in the performance of the functions they perform, including the effort before and after the selection of the solution. Making decision is constant and continuous process in which the manager identifies problems and opportunities in the performance of his functions. The manager has to understand above all the basic methods of applying and implementing of the made decisions.

Without such an understanding the made decisions will be incompetent. An organization which in its operation makes a profit, i.e. an organization which is effective and efficient led by the manager has the ability to make profits on the basis of correct made decisions of managers.

Decisions adopted by the manager in the company that he manages, and refer to the organizational structure of the company and the business strategy necessary to establish in the creation of the same and are by nature unprogrammed, which are made with the utmost attention and analysis all alternatives that are known to the manager, which will reflect the performance of the company.

Managers are faced with this challenge in performing their managerial functions when planning specific goals, directions and allocation of organizational resources when organizing certain resources and create an organizational structure, and in controlling of the individual employees, departments, units, plants or the whole organization. The decision-making process consists of collecting of all available data and information, understanding of the problem and correct remark on it. "In view of the functions and operations performed by the managers, every manager should have the ability to decide and no matter what job or management level he is. The ability to decide is expressed and used permanently." (Jovanovski, 2008, p. 497)

2 STAGES OF DECISION-MAKING

There are six rational steps that effective managers need to follow to make the right and good decision with which they will achieve the organizational goals.

2.1 Recognition of the need for decision making

The first step is defining the problem which is incurred and the need to solve it, because if there is no problem, there is no need for decision making or problem solving, and in this particular case the problem is the organizational structure of the company that is founded by the manager. With the moment of the definition of the condition that requires decision-making, the process of decision making begins, which requires a degree of commitment and attention of the manager and his preparation for the next step of deciding.

2.2 Creating alternatives

The second step of the decision-making process is the shaping, i.e. the creation of alternative solutions, developing and reviewing of all opportunities to bring one that is most appropriate and most proper. Once a situation is recognized and defined, the second step is to identify the effective alternative action. It is useful if there are an obvious standard developed innovative and creative alternatives. Usually, the more important the decision, the more attention is directed to the development of alternatives. (Griffin, 2010, p. 93)

2.3 Assessment and evaluation of alternatives

The third step or phase of making decision is the evaluation and assessment of the alternatives that the manager has developed, it is necessary to assess the strengths and weaknesses of each alternative, emphasizing the chances or dangers of every individual, particularly with attention to the compliance of legal norms, ethics, economic feasibility and practicality in the operation of each company.

The evaluation of alternatives established by the manager in the process of the decision-making for the setting of the organizational structure has wider dimensions because it is necessary to examine in details, with particular caution each alternative, because each one offers quite different possibilities and directions of

development of the company. In each case, the manager at this stage of the decision making, considering various alternatives before determining on any of them, he needs to be familiar in details with each of them and the opportunities and threats offered by each of them.

2.4 Selection of alternative

The next step is selecting one of the possible alternatives and making the decision which should be based as much as possible on a complete information, which is necessary to get from all associates and team members, because how much the information is complete, there is the possibility of adopting of an effective decision. The challenge for managers who have made the decision is huge and the uncertainty of the development requires extensive knowledge of conceptual abilities and skills in decision-making process.

2.5 Implementation of the chosen alternative

The next step of the process of decision making is the implementation of the selected alternative, often accompanied by numerous supporting decisions related to it. The easier circumstance that the manager can have is from his family environment if previously his family managed that business and the implementation, in this case, will be based on the inherited knowledge that his family members have gained. In such cases, the manager sets a fixed capital of knowledge that certainly positively influences his decision-making and creation and development of the organizational structure of the company.

2.6 Monitoring and evaluating the results of the made decision

The last step of the decision-making process is monitoring and evaluation of the results of the made decision, so many managers conduct a retrospective analysis in order to ensure that the selected alternative is corresponding to the initial intention.

Manager with its decisions is strategically is affecting the economic position of the company on the market and its survival. "The adoption of decisions is a segment which appears in the performance of all management functions, and for that reason can be freely said that one of the most

important skills of any manager is the ability to make the right, thoughtful decisions. The actual decision-making is the act of selecting one of the several alternatives, however, decision-making process is much more"

The way that always managers are always trying to find to make the right decisions that will improve the organizational performance should be based on a few necessary skills that every successful manager arise required to possess, such as technical skills, social skills, conceptual skills and skills in shaping.

The process of organizing the work of a company and the creation of market success of its operations, its organizational structure, drastically depends on the ability of the manager who manages that company, whose main business is to manage the company, properly organize employees to lead to the achievement of the desired objectives.

In terms of the factors that affect the decision-making of managers, there are two models, classical model, and administrative model:

1. The classic model is developed on the basis of logical and rational acting of the manager in the process of decision making and based on perception, action in conditions of security and full knowledge of the alternatives, where potential problems are accurately identified and formulated, and it starts from the assumption how managers make decisions. The classical model, is perceptive, meaning that determines how should decisions be taken. (Garet & George, 2008, p. 256) The negative side of this method is that it starts from the assumption that the manager has all the information necessary to make the necessary decision.
2. The administrative model again emphasizing that the manager in the decision-making process cannot have all information necessary for making a correct and appropriate decision, starts from the assumption that managers in the real world do not have unlimited access to all necessary information, and therefore decision-making is always a process that has limited rationality and incomplete information and therefore the managers are not aware of opportunities and problems in the environment. The

administrative model describes how managers make decisions, not how they should act. Every decision is a judgment and choice between alternatives. Rarity is the choice between right and wrong. At best it is a choice between right soon, and "probably wrong" but more often optional between two courses of action from which none has proven to be straighter than the other. (Drucker P. , 2005)

Effective managers know when the decision must be based on principles and in which cases they must be taken pragmatically, based on current circumstances. They know that the toughest choice is a compromise and therefore they require to learn the difference between the necessary compromises and unnecessary. They also know that most of the time taken is not the decision itself, but is the embodiment of its life." (Drucker P. F., 2006, p. 44) Like all classifications, also, the division of the decisions depends on the viewpoint.

- a. One of the basic classification of decisions is the division of strategic, tactical and operational decisions. Strategic decisions are made to achieve the key and large effects, tactical decisions made for smaller results, and operating decisions are made in the implementation of the operational plan of production.
- b. Because the decisions are governing the functioning of the company, there is a classification based on this criterion of regulation decisions that are governing the system setup and corrective decisions that intervene to correct the deviations and functioning.
- c. According to the decision makers, there is a classification of individual, collegial and hierarchic decisions
- d. Another classification is a division of decisions against the frequency of their adoption, i.e. they are divided of programmed and unprogrammed. "The decisions can be also divided by its frequency, whether regularly recurring or rarely or the decision is made only once" (Drucker P. F., 2006, p. 225). The division of programmed and unprogrammed decisions, which are based on the structure of the company, frequency and systematic approach to decision-making in the

enterprise, whether the decisions are repeated regularly or are taken once or very infrequently.

Both types of decisions should certainly be taken by the managers of respective category and rank, making the decision appropriate to the purpose for which it was made.

Programmed decisions are often made in companies where managers are steeped in job functions that they perform, have vast experience in situations and their outcomes. When we are talking about the decisions of a manager that for a long time manages a specific company, his decisions are so often applied when it comes to everyday tasks, which can be freely said that the one's rules of behavior in the company, and such decisions, are often codified in regulations or codices. These rules may be written (with a written decision) or unwritten, that each employee respects. In everyday decision-making, there are also the decisions that apply to the stakeholders against whom there are long-lasting business relationships. Such programmed decisions are often codified in rulebooks.

3 NON-PROGRAMMED DECISIONS

These decisions are made in new situations and new possibilities that do not occur daily and often. Intuition and experience are key factors in making the non-programmable. Most decisions that are brought by the top management, which include strategy and design of the organization are actually unprogrammed. Unprogrammed are also the decisions regarding facilities, new products, labor contracts and legal issues. (Griffin, 2010, p. 88)

Non-programmed decisions usually are made in start-up companies, where except the intuition and experience of the manager, also the vision that he has created and in which direction will the company move towards its development and direction is needed. Also, such decisions are made in situations of major changes related to the survival of the company and in the conditions of risk and problem solving. The majority of people spend a lot of time and energy trying to take control over what happens to them in this uncertain life. We have learned that we have to go looking for the false appearance of security, primarily with the appropriation of material goods

and resources that we can get. (Livingston, 2004, p. 45)

However, at the top level, the decisions which are taken vary from lower management levels and usually they are unprogrammed which have strategic importance to the company. The structure of the top management decision is different, prevailing are decisions made under conditions of uncertainty, and a presence of higher risk, collecting a variety of data and indicators based on facts is needed.

There are various approaches to the adoption of the non-programmable decisions that can not be excluded and often these approaches are complementary:

- With the collecting of facts necessary to make the non-programmed decision, it decided on the basis of the same, and therefore it is particularly necessary to pay much attention to the facts on which the decision is because these must be relevant and reasonable. Non-programmed decisions are those dealing with unusual and particular problems. If the problem is not completely removed in order to support the policy or if it is so important that deserves a review, then it must be solved by non-programmable decision" (Kralev, 2009, p. 70)
- The making of the nonprogrammable decisions also needs to be based on experience, acquired knowledge, surviving situations and formed opinions, which largely help in the efficient and effective making of a decision. If the overall preparation of the decision, is made with specific methods, clearly and precisely definition of the problem which should be solved with the implementation of the non-programmed decision, is needed and the objectives to will be achieved by it, and then select the solution that has the greatest value according to the specified criteria and on the best way achieve the goal that it is set.
- Non-programmed decisions are often made based on immediate observation, the ability to react immediately and instinctive knowledge. This intuition assumes gained knowledge from life, which the manager obtains during his experience.

This should certainly be de-minimized in the process of decision making because it can be fatal for the overall operation of the company insofar as based only on it, but numerous cases showed that the non-programmable decisions which are based on instinct and intuition can be very good in the future.

- Nonprogramme decisions due to the need of adopting a quality decision, usually are made by a number of people who have more insights and thoughts on the issues that need to be decided. A collective decision is made based on the possibility of a deeper knowledge of exhaustion of ideas and with the same of observation of several aspects. This collective decision making of non-programmed decision can sometimes be negative towards the solving of the problem because the responsibility is collective and most individuals do not give their full contribution to the exhaustion of all possibilities because they think that their opinion will be blended into the group.
- Failure to act or inaction and failure to the adoption of the non-programmed decision could be selected as one of the alternatives in making it, and it is also a decision. Nothing to be done is also a decision like to do something concrete. Of this, however, only a small number of people are aware. They think that they will choose an improper decision if nothing is done. The notion that every problem, every difficulty requires some action may be a superstition" (Drucker P. , 1961, p. 403)

Managers in Macedonia are constantly faced with the need to make certain decisions during their working, which often has a decisive influence on the future of the organization. They make decisions that create the outcome of business they manage, decisions that deeply affect the organizational effectiveness and certainly have a great impact on the effectiveness of achieving the objectives that the company has set. Decision making is one of the most important processes in the management of any organization or company by the managers, in which case the decisions should be taken with extreme care. A manager's job is extremely difficult to describe. (Quinn, 2010, p. 12)

The survey was conducted on companies in Macedonia, from which each has a different number of employees, different structure and governing bodies and different size of capital, i.e. small, medium and large companies, according to the classification of the companies established by the legislation of the Republic of Macedonia. The survey was conducted by analyzing and processing data received from the answers given. In small companies owned by one person, which also manages the businesses, with a small capital turnover, and with a small number of employees, the management bodies are often melted. The second group of companies is middle size companies, taking into consideration of all criteria for determining the structure of the companies established by legislation in Macedonia. These companies already have developed governing bodies consisted of several members, i.e. these companies have formed a management team. In the third group, according to the classification of firms in Macedonia, there are large companies, where taking the non-programmed decisions is completely different from the previous two groups. These companies developed networks of collective bodies such as supervisory board, management board, committees, etc. making the process of decision making different from the process of decision-making in small or medium-sized firms.

This research has achieved certain results relating to the adoption of the non-programmable decisions in Macedonia.

During the operating of each enterprise, different decisions are made daily that are influenced by the daily activities of the same. Non-programmed decisions are made in all businesses, whether small, medium or large. Such decisions are made in conditions of great uncertainty and strong competition in the market. In the small enterprises, the non-programmable autonomous decisions are adopted by the founder and manager of the company, who at the same time is leading and managing the company by himself. In medium and large enterprises company, the non-programmable decisions, managers often do not make by themselves, but in consultation with other managers, because in these enterprises the decisions concerning the strategy of the company are not in the hands of one manager. In terms of consultation with other managers when making

the non-programmed decision, managers of small businesses rarely consult with other managers, while the managers in medium and large enterprises however always consult with other managers.

This is for the reason that the non-programmable decisions have strategic importance for the enterprise, and themselves seek to be implemented.

This is the result of the fact that in medium and large enterprises a higher level of organization of production is developed, and thus more people are involved in the managing of the company. The collection of information is carried out by managers of all categories of enterprises, small, medium or large. This collection of information is carried out to make a justified non-programmable decision. The analysis of the operation of the competitors is performed by all managers, no matter if a non-programmable decision is made in the small, medium or large enterprise. The market competition causes endangering the operation of the enterprise, which are the main reasons that managers give great importance to the work of other competing companies. When it comes to

close monitoring of the opportunities for the effective non-programmable decision, the managers of small and medium enterprises give more importance to the possibilities while the managers of large companies sometimes follow opportunities. This is because small and medium enterprises are aimed at rapid development and increasing production capacity while large enterprises have already achieved a certainly rounded development process and pay more attention to the maintenance of that already established production process. Business risk is always present in all businesses, so each non-programmable decision is followed by a certain risk of failure. In terms of risk when making nonprogrammable decision, all managers at small, medium or large enterprises make a risk analysis of the adoption of the non-programmed decision. The adoption of the decision is followed by its implementation, based on which the managers of small, medium and large companies insist on full implementation of the adopted non-programmable decision. This is because the non-programmable decisions have strategic importance for the company and by it selves seek to be implemented.

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