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Decision making skills in management: Current situation in Vietnamese enterprises

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Abstract

Decision making is a very important skill to effectively manage organization and people therein. In this article we investigate how skillful are Vietnamese managers in their daily decision making situations and circumstances and what should be done in all levels to improve that critical skill to make Vietnamese enterprises more competitive.

Keywords: decision making, management skills, enterprise, Vietnam

1.1. Challenges that managers today have to face in the context of integration:

- "Management decisions are creative acts of the administrative subject to determine the goals, programs and nature of the organization's activities to solve mature problems, on the basis of understanding the rules and regulations of the organization. Objective advocacy laws and analysis of current information about the organization and the environment.

- Making decisions has great significance, it is the key step in the management process. The basic content of management activities is decision making, because from daily production management to synchronous resolution of major economic problems, everything is carried out based on decisions. fit.

- Decision making is one of the important activities of management and the main stage of management technology, it determines the correctness or incorrectness of the entire operation of the whole system. Management decisions are closely related to the role of the administrator and the reputation of the system that must implement that decision, including production, political and social aspects.

- To make the right decision, we need to provide clear decision-making procedures

↳ Search for problems

↳ Make decision:

+ Determine the importance of the problem

+ Correctly predict problems

+ Form different solutions

+ Evaluate and choose the most appropriate solution (select)

+ Implement & check

↳ Problem solving

+ Bill Gates has a very good saying: *"There is no such thing as deciding the same problem twice. It takes enough thinking time to make the right decision from the start. Reconsidering the decision will affect the workflow, mood, and motivation of the first decision."*

1.2. Problems classification

☞ According to the nature of the decision-making problem:

Strategic decisions: directions and operating strategies of the entire enterprise, made by senior managers

Tactical decisions: solving large problems covering a department, made by middle managers

Operational decisions: solve specialized problems of departments, made by low-level managers.

☞ According to implementation time

Long-term decisions: made over a long period of time, more than 1 round of planing-organizing-leading-controlling.

Medium-term decisions: made over a fairly long period of time, but less than 1 round of planing-organizing-leading-controlling.

Short-term decisions: instant, quick. Usually purely business decisions.

☞ According to scope of implementation:

Global decisions: affect the entire organization

Departmental decisions: affect several departments in the organization

☞ According to administrative functions

Deciding on a plan: involves analysis, construction & selection of options or action plans.

Organizational decisions: related to building organizational structure or personnel issues

Executive decisions: related to orders, rewards, incentives or ways to solve problems

Inspection decision: related to evaluating results, finding causes or corrective measures

☞ According to the editing method

Pre-programmed decisions: common situations, rules and procedures implemented and applied regularly

Unprogrammed decisions: situations that are unusual, new, and different from the usual

1.3. Characteristic

- Management decisions are the product of the management subject's thinking, containing a certain amount of scientific knowledge as well as creative and artistic elements.

- Management decisions are made when the problem is mature and revolves around the organization's problems.

- The quality of management decisions depends on the quality of information received and the analytical ability of the administrator.

- The higher the level of management, the more important their decisions are, affecting many people, many departments and even the fate of the organization or company.

- The ability to make administrative decisions is not an innate ability.

+ Decision-making levels:

- Senior management: Non-programmed (unstructured) decisions reflect complex, uncertain situations such as: strategy, policy, long-term planning, company positioning.

- Middle level management: Tactical decisions, semi-programming decisions.

- Low-level management: Daily (structured) programming decisions, repetitive, certain situations

☞ Functions and requirements of the decision

1) Functions of decisions

- Orientation function: determine the direction and nature of activities

- Assurance function: ensuring the feasibility of the decision

- Coordination function: determine relationships, roles and departments participating in implementation.

- Coercive function: command, forcing execution but ensuring encouragement to participate

2) Basic requirements of the decision

- Scientific basis: comply with objective laws of motion

- Unity: unity between departments, avoiding conflicts

- Authority: when issued, it must be within the authority

- Directivity: everyone understands the same meaning

- Timing: promptly, at the right time, ensuring timely exploitation of opportunities

- Formality: clear, easy to understand, precise and unambiguous

2: Current situation in Vietnam

2.1. Examples of corporate governance decision making

Decisions in corporate governance can often be divided into two groups:

- Short-term decision: Is one of the business decisions whose effective time, impact and implementation time will usually be less than one year or shorter than a normal business cycle.

- Long-term decisions: Are decisions that have an effective period with an impact and implementation period of more than 1 year or more than 1 business cycle.

Example of management decision making

(1) Accept or reject an important order?

In some cases, businesses need to be faced with the choice of whether or not to accept orders related to increasing production volume for the business. Should have chosen because having more orders is not always good. Good or not depends on many different factors. For example: What economic benefits the order may bring, can current production resources meet it? Will the execution of this order affect other orders? After considering a lot of these factors, the final decision was made

(2) Should we stop or continue to produce a certain product (or continue operating a certain department) because of a particular loss?

Almost all businesses have many dependent business divisions or deal in many different industries or products. During operations, it is possible that some departments or industries or items may suffer losses. In this situation, businesses are faced with two different choices: should they continue doing business or should they eliminate the business part (item) that is losing money?

Likewise, there may be a business that produces many different products. However, for many years, some products have always been at a loss, leading to the situation where businesses are faced with two choices of continuing to produce that type of product, or eliminating the production of that type of product.

(3) Self-produce or buy some packaging product details?

Deciding to self-produce or purchase necessary components, details or production materials, business managers are often

concerned with two issues:

The first is the quality of detailed components or materials

Second is price or production cost

If their quality is guaranteed according to technical standards, then whether they buy from outside or self-produce, business administrators should also consider the cost difference between self-production and buying from outside.

(4) Decision under conditions of limited production and business capacity.

In reality, during operations, businesses that often produce and trade goods may face a situation where the business is limited by certain factors. For example: the amount of raw materials that can be provided, the amount of labor that will be lost, the number of operating hours of machinery and equipment that can be exploited, and the ability to sell additional products...

To maximize profits, business managers need to be faced with the choice of which type of product to prioritize production? In what order of priority? to take full advantage of operating capacity and bring the most increased profits

(5) Should we open a new business location or produce a new product?

In actual operations, before current business activities or product lines are saturated, businesses will have to think of plans to expand into new activities and new products to ensure growth. Adding other business points or new products is also a way to help businesses exploit their potential to stay ahead of trends.

This is also one of the popular decisions. Especially for products produced through many stages. Which at each stage will create a finished product that can be immediately released to the market. Thus, businesses need to decide exactly whether selling immediately or continuing production is the better option.

2.2. Illustrative example of the company's current situation

In early 2017, Mr. Minh, deputy director in charge of sales of the Ho Chi Minh City branch of Red Lantern restaurant, resigned, so the branch's sales decreased, especially in the early part of 2017. Mr. Sang, Branch Director, proposed to the human resources department to urgently recruit a deputy director to replace Mr. Minh. When the Company carried out the recruitment process according to regulations, a candidate, Mr. Khoi, Deputy Director in charge of sales of Sanet company, was accepted. Sanet company is a traditional customer with a close relationship of the branch. Ho Chi Minh City. The Human Resources Department and Branch Director are still hesitant, if they recruit Mr. Khoi, they may displease Sanet company's customers.

So, faced with the issue of recruiting Mr. Khoi or not, what decision should an administrator make?

When faced with such a situation, managers must not rush to make decisions but must carefully analyze each aspect to make the most complete and stable decision, both gaining talent and not losing it. satisfy customers, bring profits as well as increase sales for the company and come up with the most complete and stable solution.

We must find out why Mr. Khoi wants to join Den Long Do Restaurant at 1. Ho Chi Minh City branch (due to the restaurant's good personnel treatment policy or because Mr. Khoi has committed violations and errors). some mistake at Sanet Company).

2. Khoi carefully reviews and analyzes the values that Mr.

Khoi brings to the restaurant when recruiting.

3. Must come up with solutions to ensure that there are no risks affecting the restaurant's business performance during the process of recruiting new personnel.

Because Sanet Company is a traditional customer and has a close relationship with Red Lantern Restaurant at the Ho Chi Minh City branch. Therefore, it is necessary to create a meeting as a customer appreciation meeting between Mr. Sang (Director) and Head of Human Resources of Red Lantern Restaurant and the Director of Sanet Company. Through this, the human resources side can learn as well as capture information about Mr. Khoi at Sanet Company.

In addition, you should also consider checking the reaction of Sanet Company's board of directors when they heard that Mr. Khoi had been accepted for the position of Deputy Director in charge of sales and planned to transfer his job to Lantern Restaurant. Red.

To choose the best and most beneficial option for the company, administrators need to analyze and clarify some of the following necessary cases:

Case 1: After researching and discussing with the leadership of Sanet Company, we learned that Mr. Khoi had committed a violation or mistake at the company.

In this case, it is necessary to verify this information again before making an official decision to recruit Mr. Khoi to work at the Restaurant.

If the unfortunate case happens that the above information is correct after checking again and deciding not to hire Mr. Khoi.

Then we should prioritize and recommend talented people within the Restaurant to take full advantage of available resources and create more conditions for them to develop. In case the Restaurant does not have anyone suitable for that position, it will recruit from outside.

Case 2: Sanet Company's leadership has no reaction to Mr. Khoi's desire to join Red Lantern Restaurant.

It can be seen that in this case, the Board of Directors of Sanet Company tacitly accepted the company's loss of a talented person (the brain drain phenomenon is common in today's economic times) and here Mr. Khoi did not. violate or make any mistakes at Sanet Company => So in this case we should select Mr. Khoi

Case 3: Sanet Company's Board of Directors reacted negatively when they heard that Mr. Khoi would join the Restaurant and intended to stop cooperating and would not be a loyal customer of the Restaurant.

If it is necessary to recruit Mr. Khoi to the position of Deputy Director in charge of sales, Red Lantern Restaurant must request Mr. Khoi to come up with a business solution to compensate for the decrease in sales when losing customers. Close relationship is Sanet Company.

At this time, if Mr. Sang (Director) and the Human Resources Manager of Red Lantern Restaurant see the feasibility of the business solution proposed by Mr. Khoi, they will recruit Mr. Khoi.

On the contrary, do not recruit Mr. Khoi and must consider recruiting someone else because it will displease Sanet Company's customers and cause the Restaurant's business to suffer more and more serious losses.

You should prioritize and recommend talented people within the Restaurant to take full advantage of available resources

and create more conditions for them to develop. In case the Restaurant does not have anyone suitable for that position, it will recruit from outside.

After considering and clarifying the above cases, the final decision will be made

3: Evaluation and comments

3.1. Comments

Based on the above conditions, we know that an administrator's skill is always making decisions and decision making is a key skill of an administrator. You are always invited to participate in making decisions and implementing them. The quality and outcome of decisions can either positively or negatively affect your employees and your organization. The important thing here is that you always know how to maximize your decision-making ability if you want to become a truly effective administrator. Decision-making skills are a series of personal conclusions and actions to make a decision to ensure a certain result is achieved according to your wishes.

3.2. Evaluate the decision

Decision making skills of every administrator. Determining the effectiveness of a decision requires managers to look from both sides.

First: You must take the time to understand the process that you are building on an ongoing basis. Is the implementation in the same order as planned? Are you sure you are achieving the desired results?

Second: You verify the effective signals of the decision that the administrator makes and the process of making that decision.

How can an administrator's judgment be best conducted in terms of accuracy and imprecision? To evaluate a job that an administrator needs to offer. To make an assessment, you should first consider a formal, accurate review that has been commented on at key dates during the decision-making process and can be implemented during the decision-making period and has This can be done through proper mechanisms through ongoing meetings, initial inspections, minutes and reports when issued. It is important for administrators to formally review how often things happen, including observing and talking with employees and communicating with employees during work. How is the work going, is it according to the arranged schedule? Are you currently having problems?

Making decisions has great significance, it evaluates the administrator when making certain decisions, because decision making determines the correct nature of the administrator related to the role. of administration. After evaluating the options given by the administrator, we must choose the option with the highest score. The selection of the plan requires consensus among the collective participation and experienced people to participate in making decisions. Because their opinions are different and have different meanings that help people decide the most optimal person. An administrator's judgment adjusts to arrive at a final decision. During the process of checking the implementation of a certain process, administrators need to check the impact on human behavior and improve their responsibility effectively, thereby motivating them to carry out the activities. The project went according to plan. In evaluation and summary activities, managers need to carefully consider all stages of work and analyze success. That process shows

that experience will be counted as the basis for future administrators.

3.3. Analyze the advantages and disadvantages of the raised problem

Case 1: Advantage

Before making a decision, do thorough research to avoid hiring the wrong person.

Avoid displeasing Sanet Company.

Take advantage of available internal human resources and create conditions for them to develop

Disadvantage

The restaurant side has not carefully analyzed the values Mr. Khoi can bring to the restaurant. Therefore, the house may have missed out on a person with the right qualifications for the position they need to recruit.

Case 2: Advantage

Red Lantern Restaurant has just been able to recruit talented people like Mr. Khoi while the house is lacking someone to hold the position of Deputy Director.

Making sure not to disappoint customers is Sanet Company.

Can restore and develop branch sales.

Disadvantage

Red Lantern Restaurant has not taken advantage of available human resources.

The restaurant has not created conditions for employees to develop themselves and show that they can take on the position of Deputy Director, but has recruited outside human resources.

Case 3: Advantage

The restaurant has chosen a method that is as safe and ensures the branch's sales as possible.

If Mr. Khoi can come up with a business solution to compensate for the decrease in sales due to the loss of a loyal customer, Sanet Company, the restaurant will have just recruited a talented person but still not have a decrease in revenue. .

If Mr. Khoi is not chosen, the restaurant can take advantage of internal human resources without losing the trust of its key customer, Sanet Company.

Disadvantage

If you don't make a wise choice, the restaurant will likely lose a talented person like Mr. Khoi or lose a loyal customer, Sanet Company, causing revenue to decline.

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