

LITERATURE REVIEW OF FACTORS AFFECTING DECISION MAKING: LEADERSHIP STYLE, PERSONALITY AND STRATEGY

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Abstract: Decision making is a process to produce several alternative choices that focus on expectations and efforts to achieve goals. Leadership is the quality of the relationship or interaction between a leader and followers in certain situations. The leader's role in making decisions is central and strategic. Of the various management functions, there is one management function, a study showed that the decision maker has its own style. Often there are several leadership styles possessed by a leader that are often used as patterns in decision making. Often a manager uses 2 or 3 styles of decision making. The strengths and weaknesses of decision making are determined by the style used by a leader or manager. The same information will be assessed and a decision made with a leadership style that is not aligned. This article reviews the factors that influence the decision-making process, namely leadership style and personality, a study of human resource management literature that will occur in this literature review article are: 1) Leadership style affect the decision-making process, 2) Personality affects the decision-making process, and 3) Strategy affects the decision-making process.

Keyword: Decision making process, Leadership style, Personality, Strategy

INTRODUCTION

Background of the problem

An organization is a place for the operation of management. Here management becomes one of the subsystems of the organizational system. Management is a technique or tool that can move an organization towards achieving the desired goals. In the context of the manager's task, decision making is one of the manager's roles.

In determining managerial action, a leader is required to dare to make decisions, both on the basis of individual considerations with the authority to become a leader, as well as decisions from the results of deliberation by taking into account the thoughts, feelings or input of members of the organization. Decision making in the management function includes several things; (1) Planning, (2) Organizing, (3) Mobilizing, and (4) Supervision.

In this context, it can be said that there is no single management function that can be carried out without going through a decision-making process because decisions are the starting point for all activities carried out by organizational management.

Knowing the importance of the decision-making process, it is important to know what things support the decision-making process. There are two things that influence the decision-making process, namely leadership style and personality.

One of the psychological aspects that can support a person in making decisions is the personality aspect. Personality is a dynamic organization of psychological systems within an individual that determines a person's ability to uniquely adapt to his environment (Robbins and Judge, 2013). Personality is also known to be the commonality of individuals when they are in various aspects of their lives. Every individual has certain similarities in acting and working. This causes differences in attitudes for each person (Bolhari and Dasmah, 2012). Personality itself is able to influence decision-making styles (Prastiwi, 2021).

Leadership is the quality of the relationship or interaction between leaders and followers in certain situations (Nawawi, 2006). The leader's role in making decisions is central and strategic. One of the management functions, in a study showed that the decision maker has its own style. Generally, there are several leadership styles owned by leaders that often become patterns in decision making. Often a manager uses 2 or 3 styles in decision making. The strengths and weaknesses of decision makers are determined by the style used by the leader or manager. The same information will be evaluated and decisions made with different leadership styles.

Based on empirical experience, many students and authors have difficulty finding supporting articles for their scientific works as previous research or as relevant research. Relevant articles are needed to strengthen the theory under study, to see the relationship between variables and build hypotheses, also very much needed in the discussion of research results.

This article discusses the Influence of Leadership Style and Personality on the Decision Making Process, a study of Human Resource Management literature.

Formulation of the problem

Based on the background, the problems to be discussed can be formulated in order to build hypotheses for further research, namely:

1. Does leadership style affect the decision-making process?
2. Does personality affect the decision-making process?
3. Does strategic influence the decision-making process?

THEORITICAL REVIEW

Decision-making

According to (Kreitner and Kinicki, 2008), decision making means identifying, determining alternative problem solving to achieve goals. Meanwhile (Schemerhorn, 2010), a decision is a choice among possible alternative actions.

According to (McShane and Von Glinow, 2005), decision making is a process to make several alternative choices that focus on the desire in an effort to achieve goals. Furthermore, it is said that the decision-making process includes: 1) identifying problems and opportunities, 2) determining the best decision process, 3) developing alternative solutions, 4) determining the best alternative, 5) implementing the chosen alternative, and 6) evaluating decisions.

According to (Suparno, 2018), the model of decision-making behavior is distinguished as follows:

Rationality Model. The rationality model is a decision making based on a logical relationship between decision making and the achievement of organizational goals.

In relation to decision-making activities, there are assumptions:

- The decisions taken will be completely rational in terms of plan-goals.

- It is possible to choose alternatives, because there is a complete and consistent choice system.
- There is full enlightenment of all possible alternatives.
- There is no limit to the complexity of the calculations that can be used to select the best alternative.
- Possibility of calculations not mysterious or frightening subordinates. The Human Social Model is a collection of feelings, emotions, and instincts, with attitudes guided by unconscious desires. If this is a complete description, it will result in ineffective decisions being taken. Irrational decision making by a manager can be caused by pressure and social impact.

According to (Suparno, 2018), decision-making styles are distinguished as follows:

- a. Directive Style
Decision making with the directive style is decision making by directing or giving instructions.
- b. Analytical Style
A leader who makes decisions with an analytic style is a decision maker that uses the basis of analysis of some of the facts that occur.
- c. Conceptual Style
A leader who makes decisions with a conceptual style is a decision-making that uses a conceptual basis for the reality that occurs
- d. Behavior style
A leader who makes decisions with a behavioral style is a decision making that uses the basis of analysis of the behavior of subordinates or coworkers.

Leadership Style

According to (Kartono, 2008), leadership is an activity to influence people so that they want to work together to achieve the desired goals. Meanwhile, according to (Supardo, 2006), leadership is a process of influencing between a leader and his followers to achieve the goals of groups, organizations, and society.

Based on these definitions, it can be concluded that leadership is better owned by someone to influence the activities of a person or group, so that people are willing to work effectively and efficiently in achieving predetermined goals in certain situations. Each leader can have a leadership style that is different from one another and it doesn't have to be a leadership style that is better or less good than other leadership styles. The basis that is often used in classifying existing leadership styles is the tasks that are felt to be carried out by the leader, the obligations that the leader expects to be accepted by subordinates and so on.

According to (Kartono, 2008) the conception of leadership requirements must always be associated with 3 important things, namely: (1) In leadership to influence and move subordinates to do something, (2) Authority is an advantage, advantage, virtue so that people are able to manage people. others, so that the person is obedient to the leader, and is willing to take certain actions. (3) Ability is all power, ability, strength and skills or technical and social skills, which are considered to exceed the ability of ordinary members.

Management leadership style is the way in which a leader leads his subordinates, which aims to influence members or subordinates to achieve a goal. According to (Hasibuan, 2007), there are several leadership styles, namely (1) Authoritarian Leadership, authoritarian leadership is if the absolute power or authority remains with the leader or the leader adheres to a centralized system of authority. Decision-making and policies are only determined by the leader himself, subordinates are not included to convey advice, inspiration, and considerations in the decision-making process. (2) Participatory Leadership, participatory leadership is if the leadership is carried out in a persuasive way, creates harmonious

collaboration, fosters loyalty, and is participative of subordinates. Leaders motivate subordinates to feel they belong to the company. (3) Delegative Leadership, delegated leadership when a leader delegates authority to subordinates completely. Thus, subordinates can make decisions and policies freely or freely in making job decisions. Leaders do not care how subordinates make decisions and do their work, it is completely left to the subordinates.

Leadership styles have been studied by many previous researchers, including: (Limakrisna et al., 2016), (Bastari et al., 2020), (Anwar et al., 2020), (Ali et al., 2016), (Djoko Setyo Widodo, P. Eddy Sanusi Silitonga, 2017), (Chauhan et al., 2019), (Elmi et al., 2016).

Personality

According to (Robbins, 2009), personality is the whole of the way a person reacts and interacts with other people. According to (Schermerhorn et al, 2011) personality means a unique and relatively stable pattern of behavior, thoughts and emotions that are shown by individuals and about how a person is different from others.

According to (Colquit, Lepine and Wesson, 2011), personality refers to a person's structure and tendencies that reveal characteristic patterns of their thoughts, emotions, and behavior. Five dimensions of personality can be described as follows: 1). Agreeableness are people who have warmth, kindness, cooperation, sympathy, help and politeness. 2). Extraversion is a person who is talkative, friendly, passionate, assertive, courageous and more dominated (in contrast to introverts who are relatively shy and quiet) 3). Neuroticism is a neurotic person who is nervous, sad, emotional, uncomfortable and jealous. 4). Emotional stability means a person who can be trusted, hardworking, reliable, responsible. 5). Openness means people who are open, always curious, imaginative, creative, subtle and moderate.

Strategic

(Grant, 1995) Starting the discussion about strategic management by saying that the word "strategy" comes from the Greek strategos which is formed from 2 terms, namely stratos, which means soldiers, and -ag, which means to lead. (Grant, 1995) further distinguishes strategy from tactics. Strategy means a comprehensive plan involving the mobilization of resources to achieve an advantageous position. A tactic is a scheme for a particular course of action. It can be said that strategy is a detailed and more measurable description of strategy. Strategic decisions according to (Grant, 1995) and (Pearce and Robinson, 1997) have six main characteristics, namely 1) Important for the entire organization so that it requires decisions at the top management level, 2) Requires considerable commitment of resources, 3) Has an impact significant impact on the survival of the organization in the long term, 4) Oriented to the far future, 5) Have a cross-functional or cross-business impact, and 6) Requires the organization to consider the influence of factors outside the organization. Many management experts have put forward a definition of strategic management, including (David, 2013) which defines strategic management as the art and science of formulating, implementing, and evaluating cross-functional decisions that enable an organization to achieve its goals. As implied in this definition, strategic management is focused on integrating management, marketing, finance/accounting, production/operations, research and development, and computer-based information systems to achieve organizational success. such as (David Pearce, and Robinson, 1997) defines strategic management as a set of decisions and actions that result in the formulation and implementation of plans made to achieve the goals of the company/organization. (Wheelen and Hunger, 2010) define strategic management as a set of managerial decisions and actions that determine the long-term performance of a corporation. This includes environmental

studies, strategy formulation, implementation of tactics, and evaluation and control of strategies.

No.	Author (year)	Previous research results	Similarities of this article	Differences from this article
1.	Syamsi (2017)	Decisions are the result of a thought process that can be used to solve the problems at hand	The similarity is that decision making is used to solve problems to achieve goals	Decision making becomes a process to make several alternative choices in an effort to achieve goals
2.	Eisenfuhr (2010)	The process of making a choice from a number of alternatives to achieve a desired result	Alternative efforts to achieve goals	Evaluating decisions from alternatives
3.	Hasibuan (2010)	Leadership is the way the leader influences the behavior of subordinates to work productively to achieve goals	Influencing people to work together to achieve goals	Explain more leadership styles
4.	Susilowati, Tutik (2008)	Strategic management is an organizational process in policy making, in which there are three main activities; namely strategy preparation (formulation), implementation (implementation) and evaluation/control.	Evaluating a strategic management	Explain organizational processes in decision making and implementation
5.	Ryneka (2015)	Decision making is determining a choice for various theories of decision making whether it is rational, incremental or integrated observation with several alternative choices available	Generate several alternative choices that focus on the goal	Decision-making styles and behavioral models in decision-making

RESEARCH METHODS

The method of writing scientific articles is by using qualitative methods and literature review (Library Research). Assessing theory and the relationship or influence between variables from books and journals both offline in the library and online sourced from Mendeley, Scholar Google and other online media.

In qualitative research, literature review must be used consistently with methodological assumptions. This means that it must be used inductively so that it does not

direct the questions posed by the researcher. One of the main reasons for conducting qualitative research is that the research is exploratory, (Ali & Limakrisna, 2013).

DISCUSSION

1. The influence of leadership style on the decision-making process

The leader's role in making decisions is central and strategic. One of the management functions, in a study showed that the decision maker has its own style. Often a leadership style that is owned by a leader there are several that are often used as patterns in decision making. Sometimes a manager uses two or three styles of decision making. A decision maker's strengths and weaknesses are determined by the style used by a leader or manager. The same information will be evaluated and decisions made using different leadership styles. This helps explain why different managers make different decisions. Overall, analysis of decision-making styles is very useful in providing insight into how to deal with various decision-making styles. A leader in an organization can make the right decisions and apply a leadership style according to the situation with various considerations that have been calculated in detail.

2. The influence of personality on the decision-making process

According to (Prastiwi, 2021), a person's personality influences that person's decision-making style as follows:

a. Directive Style

This style is typical of quick decision makers, where people who have this character do not want to waste time doing an analysis of existing options and immediately take a coherent action.

b. Analytical Style

This style is typical of very careful decision makers, and is very prone to making the wrong decisions if decisions are made in a hurry and feels uncomfortable if they have to make decisions quickly.

c. Conceptual Style

This style is typical of decision makers who are open to new ways and dare to face risks, have a vision to make long-term decisions, but are not quick in determining short-term action plans that must be implemented immediately.

d. Behavior style

This style is typical of decision makers who care about their impact on others. Someone using this style will pay attention to group interests which are considered more important than personal interests, so they try hard to always maintain good relations with all parties.

3. Strategic influence on the decision-making process

In an organizational or corporate environment, strategy has a very important role in achieving goals, because strategy provides direction for action, as well as how these actions must be carried out so that the desired goals are achieved. According to (Grant, 1999:21) strategy has 3 important roles in fulfilling management objectives, namely:

- 1) Strategy as a support for strategic decision making as an element to achieve success. Strategy is a form or theme that provides a unified relationship between decisions taken by individuals or organizations.
- 2) Strategy as a means of coordination and communication. One of the important roles of strategy as a means of coordination and communication is to provide a common direction for the company
- 3) Strategy as a target The concept of strategy will be combined with the mission and vision to determine where the company is in the future. Goal setting is not only done to provide

direction for strategy formulation, but also to shape aspirations for the company. Thus, the strategy can also act as the company's target.

Conceptual Framework

Based on the formulation of the problem in writing this article and the study of literature review, the conceptual framework is obtained as follows:

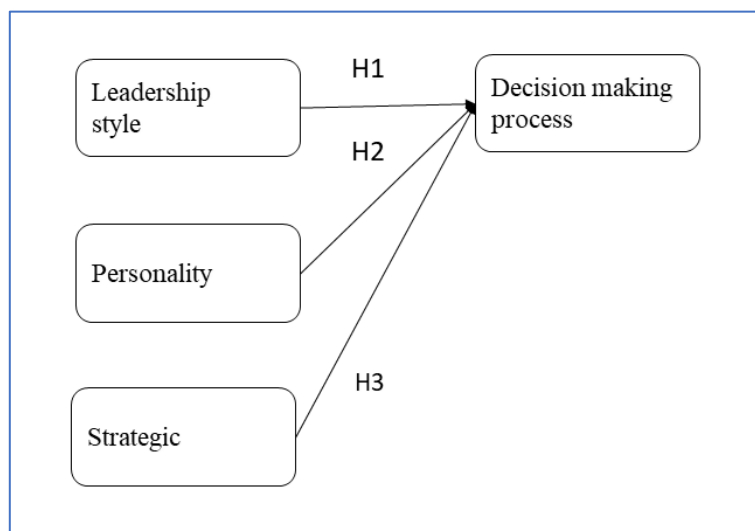


Figure 1: Conceptual Framework

Based on theoretical studies and a review of the results of relevant articles and pictures from the conceptual framework, leadership style has a positive effect on decision making that leadership style can determine whether or not the leadership performance itself is in the right decision-making process and personality also influences the decision-making process.

Apart from these three exogenous variables that affect the decision-making process, there are many other variables that influence them, including:

- a) Knowledge: (Desfiandi et al., 2017), (Prayetno & Ali, 2020a), (Mukhtar et al., 2016), (Brata, Husani, Hapzi, Baruna Hadi Shilvana AliBrata, Husani, Hapzi, 2017), and (Toto Handiman & Ali, 2019).
- b) Motivation: (Riyanto et al., 2017), (Prayetno & Ali, 2017), (Chauhan et al., 2019), (Rivai et al., 2017), (Prayetno & Ali, 2017), (Bastari et al., 2020), (Masydzulhak et al., 2016), (Aima et al., 2017)
- c) Creativity: (Desfiandi et al., 2017), (Yacob et al., 2020), (Richardo et al., 2020), (Christina Catur Widayati et al., 2020), (Prayetno & Ali, 2020b), (C.C. Widayati et al., 2020).

CONCLUSIONS AND SUGGESTIONS

Conclusion

Based on theory, relevant articles and discussions, hypotheses can be formulated for further research:

1. Leadership style affects the decision-making process.
2. Personality influences the decision-making process.
3. Strategic influence on the decision-making process.

The role of leadership can determine the failure and success of a company. In addition, the leadership can affect the morale of other employees. In decision-making, a

leader can determine a decision-making process. Meanwhile, personality also influences decision making.

Suggestion

Based on the conclusions above, the suggestion in this article is that further research can examine other factors that influence the decision-making process in addition to leadership style and personality and strategy.

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