

## NEGATIVE BEHAVIOUR THREATS IN DECISION-MAKING PROCESS OF MANAGEMENT ACCOUNTING

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### **Abstract:**

*Human behaviour has been considered as a fundamental factor in influencing the quality of management accounting roles including decision-making process as a significant aspect in this field. This research focuses on the negative impact of human behaviour on decision-making process, and shows the possible threats which could affect the main stages. The possible threats of behavioural factors on decision-making are introduced through three sections. The most influential behavioural factors highlighted in this research are personality, job satisfaction and the weakness of administrative leadership. This research attempts to provide a critical view of the underlying negative implications of these behavioural factors through presenting and linking them with the main stages of decision-making processes.*

### **Keywords:**

*Behaviour threats, decision-making, personality, job satisfaction, leadership.*

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## INTRODUCTION

Human behaviour within organisations is determined by many factors depending on the surrounding environment of employees. This behaviour could be extended into positive and negative traits. In addition, the negative behaviours are considered as an important dimension which needs to be taken into account in management accounting field as a fundamental system in organisations (Karim, 2017; Adler, 2017). This field as a purposeful system has many functions and applications in organisations where employees have to achieve specific objectives through many activities controlled by decision-making processes.

The consequences of negative behaviour extend to affect decision-making steps through a number of behavioural factors. As with behavioural intentions of employees, the consequences of their behaviour could vary in its impact to different complex responses (Griffin and Lopez, 2005). In this context, the research argues that the most effective behavioural factors that pose a threat to decision-making process are represented in personality, job satisfaction and the weak of administrative leadership. The purpose of this research is to clarify and investigate the possible threats to this issue, and also to show the underlying implications of these factors mentioned by analysing where the steps affected by these threats.

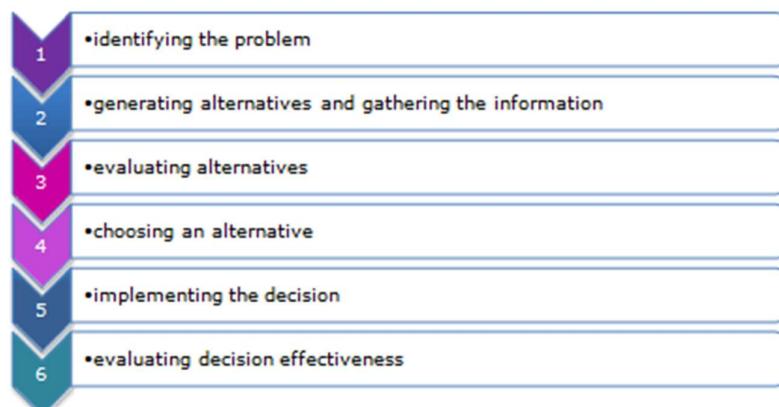
The essence of this research will be presented in three main sections which include personality traits as an important factor in decision-making process. Subsequently, the negative impact of job satisfaction in decision-making process will be discussed. Finally, the weakness of administrative leadership and its threats will be presented in the third section.

### Preface

Behavioural threats represent a complex and significant issue within organisations (Monahan, 2018). This research focuses on the negative behaviour factors which pose threats on the decision-making. Although, these factors are concentrated in many behavioural characteristics, the research argues that the most important factors are represented in the personality, job satisfaction and the weakness of administrative Leadership. The three main points will be investigated and discussed in the next sections.

The factors mentioned above vary in their impact on decision-making steps. Each factor could pose a threat to specific points in these steps. According to Lunenburg (2010), decision making should start with the identification of the decision-makers and stakeholders in the decision, reducing the possible disagreement about the problem, requirements, goals and criteria. Subsequently, decision-making process can be divided into the following steps illustrated in the Figure 1.

Figure 1: Decision-making process



(Lunenburg 2010: 3)

The steps shown above could be affected by behavioural factors which pose a threat in decision-making process in management accounting in different issues such as the investment decisions, financial decisions, selection of alternatives, cost and profit decisions.

## Personality Traits as an Important Factor and Variable in Decision-Making Process

Personality traits defined as “relatively enduring patterns of thoughts, feelings, and behaviours that reflect the tendency to respond in certain ways under certain circumstances” (Roberts 2009: 140). This definition reflects a useful general point of view, however the personality traits could vary within organisations depending on the internal circumstances of the organisation related to many aspects such as job satisfaction, work stress, administrative leadership etc.

### Negative Personality Traits

Individual differences are varied which shape the personality depending on many psychological and personal factors (Hirsch and Bassler, 2010). In fact, there is no general classification of the personality traits within organisations. However many researchers indicate a prominent classification presenting the negative traits of personality which is “The big five personality traits” as is illustrated in Figure 2 (Hellriegel and Slocum, 2010; Gurven et al., 2013; Gosling et al., 2003). It can be seen in Figure 2 that there are five main aspects of the personality represented in emotional stability, agreeableness, extraversion, conscientiousness, and openness. In addition, each aspect has a sub-personalities classified in that aspect. The research focuses on three main traits of personality which the research considers them that the most influential patterns on decision-making process. These traits are careless personality, impulsive personality with another pattern not mentioned in Figure 2 representing in biased personality.

Figure 2: The big five personality traits (Negative personality patterns)

Emotional Stability	Agreeableness	Extraversion	Conscientiousness	Openness
<ul style="list-style-type: none"><li>• nervous</li><li>• self-doubting</li><li>• moody</li></ul>	<ul style="list-style-type: none"><li>• independent</li><li>• cold</li><li>• rude</li></ul>	<ul style="list-style-type: none"><li>• shy</li><li>• unassertive</li><li>• withdrawn</li></ul>	<ul style="list-style-type: none"><li>• impulsive</li><li>• irresponsible</li><li>• careless</li></ul>	<ul style="list-style-type: none"><li>• dull</li><li>• unimaginative</li><li>• literal-minded</li></ul>

(Hellriegel and Slocum 2010: 79)

Some of the steps that have been mentioned are affected by some personal attributes which require attention by the managers and management accountants within organisations (Raghunathan and Pham 1999).

### The Negative Impact of Personality in Decision-Making Process

This research focuses on three main patterns of personality (see Figure 3). The first pattern is represented as a careless personality that does not pay enough attention and consideration for the requirements of the decision-making steps. Second and sixth steps are influenced by this pattern (see Figure 1). In the second step, gathering information requires much attention and concentration for many aspects related to decision-making such as the prices, product quality and employees' performance, whereas in the sixth step evaluating decision effectiveness needs concentration in analysing, evaluating and control of decision implementation. As a result, there are threats to the implementation of these steps as required which cannot be applied by this pattern. For instance, the decision implementation of expanding the organisation's work by opening a new branch requires permanent and regular following-up efforts because it is an important issue. Careless personality cannot do this tasks effectively which could pose a threat to the implementation of this stage.

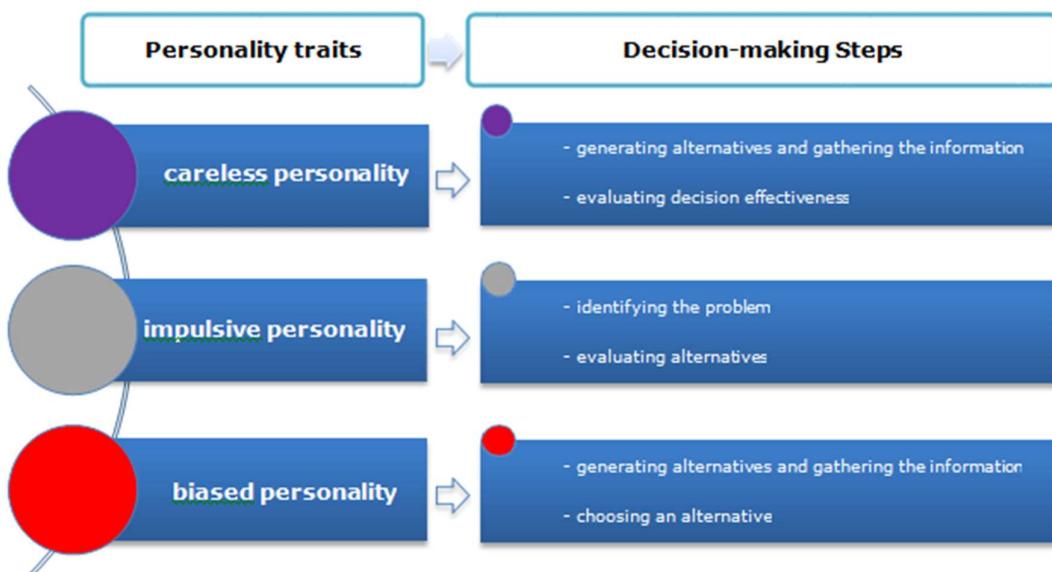
The second pattern is impulsive personality that “behaves without adequate thought” (International Society for Research on Impulsivity, 2019). Threats caused by this personality are represented in the first and third steps of decision-making (see Figure 1). The first step requires caution and experience, whereas this trait does not fit with the requirements to identify the problems objectively because this type of personality is not

stable. Evaluating alternatives as a third step involves criteria which should be considered before choosing the alternatives. In this stage, impulsive personality does not provide accurate and objective analysis because it is not based on constant criteria. Impulsivity has been studied by researchers from different dimensions including the performance measurement which is a significant issue in choosing the alternatives (DeYoung, 2010: 18-19).

Beside these complex patterns of personality, another personality trait is also likely to influence decision-making process in a negative way which is biased personality that behaves without credibility. The bias that characterises this personality has a direct impact on the second step of decision-making process. This stage is to generate alternatives and gather information related to them impartially and effectively. Some managers and decision-makers have personal benefits towards certain alternatives and proposals which adversely affect the selection of the best and most appropriate alternative for the organisation. In addition, this effect could lead to risky decisions that are not appropriate with the overall objectives of the organisation. These biases influence the consequences of decisions and increase the level of risk (Korte, 2003).

Figure 3 (researcher's diagram) shows and summarises the three main personality traits that have been mentioned above which pose a significant threat to decision-making steps. In addition, this Figure reflects the direct threat of the negative aspects of the personalities that have been selected by the researcher on specific steps of decision-making process in management accounting.

Figure 3: Threats of negative personality patterns in decision-making steps



(adapted from Lunenburg (2010: 3)

#### Negative Influences of Job Satisfaction in Decision-Making Process

One of the leading challenges in management accounting is maintaining job satisfaction in stable condition within organisations. Spector (1997: 2) defined job satisfaction simply as people's feelings about their jobs and the job environment in general, and to what extent they are like or dislike their jobs.

Participation in decision-making is an important aspect that determines the degree of job satisfaction. In fact, employees who participate in decision-making may feel more committed to execute these decisions properly. As a result, participation has a clear influence on performance and employee's job satisfaction, while nonparticipation has a negative influence in this context.

#### Determinants of Job Satisfaction Related to Decision-Making Process

Bavendam (2000) believes that there are many factors could determine job satisfaction within organisations

represented in opportunity, leadership, stress, work standards, fair reward and adequate authority. The research argues that all of these factors could affect job satisfaction in some ways, however, determinants of job satisfaction related to decision-making process are concentrated in two main points; first determinant is participation in this process as it is mentioned above. Decision makers are able to provide effective participation for employees. As a result, the decision made will be effective because it relies on feedback and inclusive participation of employees, especially when the employees are supervisors mainly on aspects that decision will be made about it. On the other hand, there will be a threat to the effectiveness of decision-making if the employees do not obtain an opportunity to participate because decisions will lose its comprehensiveness by adopting only a few employees may not know management accounting applications appropriately.

Another significant determinant which poses a threat to decision-making related to job satisfaction lies at work standards. These standards are rules or principles used as a basis for performing many functions of management accounting. For instance, if employees who prepare and evaluate standard costs do not feel satisfied towards their jobs and functions, their behaviours could be negative. As a consequence of that, dissatisfaction would negatively affect decision-making process, which depends on some of these functions.

#### **The Weakness of Administrative Leadership in Decision-Making Process**

In this section, the discussion will focus briefly on the negative behaviours of administrative leadership which affect decision-making process. Administrative leadership has been defined as “the ability of an individual to influence, motivate, and enable others to contribute toward the effectiveness and success of the organisations of which they are members” (House et al., 1997: 409). This definition reflects the importance of some attributes which shape an effective teamwork that should be able to achieve the main goals of organisation by the communication between the leaders and employees through influential and motivational ways.

Most negative behaviour attitudes of administrative leaders are formed through different determinants and characterised within organisations (Madi et al., 2018). On the basis of the research purpose in finding negative behaviours threats of administrative leaders, it seems important to point out that there are some factors lead to the failure of leadership represented in inability to influence and inspire the employees, on the one hand, and the weaknesses in the communication between the leader and the employees on the other. This issue affects all the stages of decision-making. However, the fifth step can be influenced more than the other steps. Implementing the decision requires a commitment, accuracy and an appropriate performance level. In this context, the research argues that administrative leaders should focus on the ability of influence, inspiration and communication which determine significantly the degree of performance (see Figure 4). Weakness of the administrative leadership in these three aspects could pose a threat to the quality of decisions. In addition, if leaders, whether they are general or financial managers do not provide the employees the opportunity to communicate in a flexible and effective way, they will not be able to influence them appropriately (Pasricha, Singh and

Verma, 2018; Epstein, 2018). As a result, there will be no motivation for employees to implement the instructions of leaders related to their works in management accounting.

**Figure 4: The behavioural influence of administrative leadership functions on implementing the decision**



Figure 4 (researcher's diagram) provides an additional illustration of the administrative leadership functions which could affect and determine the implementation of decisions through influence, inspiration and communication. It also summarises the discussion above. As a result, the consequences of these behavioural influences can be divided into positive and negative implementation which causes threats in the fifth step as it is shown in this Figure.

### **Conclusion**

This research has presented how negative behaviour can affect and pose threats to decision-making process. This issue has been highlighted by focusing on the steps of decision-making in management accounting. In addition, the most effective threats have been divided into three main sections in this paper. Personality, job satisfaction and the weakness of administrative leadership were the main factors which the research argues that are the most effective elements in posing many threats to this issue. Although there are many possible threats which could affect this process, the three factors mentioned have the most important impacts on decision-making steps. In this context, this argument has supported by Figures, examples and analyses to explain and clarify this argument appropriately.

With regard to the variable effects on decision-making steps, each behavioural factor has different implications on these steps which have been discussed. As a result, this discussion was to fulfill the purpose of the research which aimed to clarify and investigate the threats of negative human behaviour to decision-making process. This research provides a possibility to extend the behavioral research for other negative factors which can be avoided in several ways in future.

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