



## GROUP DECISION-MAKING: AN INVESTIGATION WITHIN THE BANKING INSTITUTIONS IN ALBANIA

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### **Abstract**

*Increasingly, managers have to decide for problems or new situations. The level of risk, uncertainty and the degree of complexity that the decision-maker has to face are higher. Under these conditions, organizations are turning to group decision-making. The main purpose of this paper is to discuss on some aspects of the group decision-making process within the banking institutions in Albania, in order to understand how much the groups are used and what group typology dominates. The intention is to identify variables and elements and to discover possible relationships between them, so as to be able to define some general reflections about decision-making effectiveness. The analysis of the information collected through the personal face-to-face interview highlights that group decision-making processes are widely used within banking institutions and in most cases the groups are pre-established and there is no a phase of group composition. At the departmental level and in the branches the degree of diversity is not very high. This cannot be affirmed for the strategic level, where in the Board of Shareholders and Board of Directors the diversity that refers to experiences, knowledge, information, culture and nation is greater. Regarding the group dimension it varies from 5 to 18 members.*

*Keywords: decision-making, group decision-making, group typology, dimension, diversity*

### **INTRODUCTION**

Decision making is considered a continuous and dynamic process that involves a choice and is oriented towards organizational goals. Organizational performance is determined by the decisions made and their effective implementation. Increasingly, managers have to decide for different situations, accompanied by high complexity and uncertainty. Adding also the bounded

rationality of the decision maker, the use of groups become necessary. Studies on the effectiveness of group decisions lead to divergent conclusions. However, most of them argue that the group decides better than the individual (Snizek and Henry, 1989; Tindale and Sheffey, 2002; Surowiecki, 2004). When the individual decision-making process is compared to group decision-making, the advantages of the latter are numerous (Luthans, 1992). We may think that groups make better decisions than individuals, but on the other hand it must be emphasized that groups also make bad decisions. The benefits of group decision-making must not become absolute conclusions (Noorderhaven, 1995). Cohen and Bailey (1997) believe that group effectiveness is a function of environmental factors, design factors, group processes and psychosocial characteristics. Environmental factors refer to the characteristics of the industry in which the company operates, such as the level of turbulence. Design factors refer to the characteristics of the task, group and organization. Among the variables of the task are autonomy and interdependence, while among the variables of the group are dimension, demography and diversity. Instead, organizational variables refer to rewards and supervision. Group processes primarily concern communication, collaboration and conflict, while the group's psychosocial variables refer to norms, cohesion, mental models and affection. From the analysis of the Cohen and Bailey model (1997), it can be noted that the majority of the variables that influence the effectiveness of the decisions made by the group change according to the type of group. This leads to the assertion that the type of group used for decision-making purposes is a factor to be investigated when discussing on decision-making effectiveness.

### **Aim of the study and research questions**

Several studies have concluded that groups make better decisions than individuals. Increasingly, managers have to decide for problems or new situations. The level of risk, uncertainty and the degree of complexity are high. Under these conditions, organizations are oriented toward group decision-making.

The main purpose of this paper is to discuss on some aspects of the decision-making process within the banking institutions in Albania in order to understand how much the groups are used and what group typology dominates. The intention is to identify variables and elements and to discover possible relationships between them, so as to be able to define some general reflections about decision-making effectiveness. So, in relation to the aim, the research questions are formulated as follows:

1. To what degree are groups used within the banking institutions?
2. How is perceived the group composition phase by the managers? Does really exist such a phase?

3. What kind of group is most used for decisional purposes?
4. Are more preferred large groups or small groups? What is generally the dimension of the group?
5. What are the consequences for groups with high degree of diversity?

## LITERATURE REVIEW

The groups within an organization are different. Using different criteria for classification we can distinguish between primary and secondary groups, formal and informal groups, horizontal and vertical groups, homogeneous and heterogeneous groups. The characteristics of each of these types are discussed and analyzed following.

An important classification of groups can be made on the basis of the relationships between the members. Thus, we can distinguish between primary groups and secondary ones (Cooley, 1909; Olmsted, 1959). The primary groups are composed of individuals who interact with each other in a direct, personal and intimate way. The primary groups are characterized by harmony among the members, high identification with the group, relationships are built on emotional basis and are enduring (Cooley, 1909). Usually they are groups aimed at satisfying the needs of the members, where everyone can express the different aspects of the personality and so everyone is assessed more emotionally than rationally. These kind of groups give to the organization a conservative and closed character (Curcio, 2005). The secondary groups have characteristics that are opposed to those discussed above. Thus, such groups are composed of members who share more specific goals than those of primary groups (Forsyth, 2010). As a consequence, interactions do not have an emotional basis, but more objective reasons. Since the aim of the secondary group is to achieve a specific goal, each member is evaluated and accepted by others based on his contribution. The secondary groups give to the organization a complex and dynamic character (Curcio, 2005).

Another distinction between groups can be made by referring to the degree of internal structuring. In this regard, we can distinguish between formal and informal groups. Formal groups have well-specified rules that must be respected by all members, because in these groups we find a system of bonus-sanctions well built (Kinicki and Kreitner, 2009). As in the secondary groups, the relationships between the members of the formal group are impersonal because their only duty is to achieve the common goals. An official approval is required to compose a formal group. Within these groups the formalism is very high given that each member has precise tasks, roles and responsibilities, which are defined by the organizational structure (Kasimati and Manxhari, 2002). In the 1930s, the experiments conducted by Mayo at the Hawthorne Western Electric Company have led to the conclusion that productivity

depends on the satisfaction of the social needs of the group members (Jones and George, 2008). As a result, informal groups assume importance within organizations. They can be defined as a network of personal relationships that arise spontaneously when individuals are in the same location or when they are repeatedly interacting with the same individuals (Forsyth, 2010). These are usually considered groups formed on the basis of friendships. Tasks, roles and responsibilities of the members are not well defined and there are not well-specified norms (Cartwright and Zander, 1968). Analyzing the characteristics previously reported, it can be said that formal groups are similar to the secondary ones, while the informal groups have characteristics similar to those of the primary groups. Thus, in the case of informal groups among the members there are direct relationships among members, which have emotional basis, but contrary to the primary groups, they are constituted within the formal organization structure. Informal groups, unlike formal groups, are formed spontaneously because the members share the same ideas (Tanku, 2012). Moreover, they can meet whenever they want and do not have defined tasks or responsibilities (Kume, 2010). Informal groups arise from the need of members to socialize.

According to the hierarchical level to which the members belong and the internal hierarchy of the group another distinction can be made between horizontal and vertical groups (Anderson and Brown, 2010). In the horizontal groups the members came from the same hierarchical level and they have homogeneous professionalisms. In these conditions, the role of the group leader is not considered important, because the process of integration of skills and capabilities is easy (Van Vugt, Hogan and Kaiser, 2008). Furthermore, the climate within the group is positive and everyone can participate and contribute to the decision-making process. In vertical groups the members belong to different hierarchical levels and there are deep asymmetries concerning power, status and influence (Anderson and Brown, 2010). In such groups the role of the leader becomes important because in him is concentrated the decision-making power. Concentration helps the group make decisions more efficiently and avoids conflict over control (Van Vugt, Hogan and Kaiser, 2008). Moreover, contrary to horizontal groups, within vertical groups there is a very precise hierarchy and tendency to reward with greater power and status the members who demonstrate superior abilities (Driskell and Mullen, 1990).

Referring to the degree of diversity, homogeneous and heterogeneous groups can be formed within an organization (Yaniv, 2011). Homogeneous groups are composed of members with the same skills and professionalism. Furthermore, members have the same age, gender, belong to the same ethnic category and nationality (Milliken and Martins, 1996). As a result, conflicts within homogeneous groups are low, because the points of view of the members are the same. However, within such groups, due to the lack of competitiveness, some of the

members can become demotivated and suffer the phenomenon of social loafing. On the other hand, heterogeneous groups are composed of people with different abilities and professional skills, age, gender etc. (Yaniv, 2011). In this case, the members are more motivated and involved. Furthermore, the differences between the capacities are balanced within these groups. However, this type of group has the disadvantage of difficult communication and the role of the leader assumes great importance.

At this point, after the discussion on the different types of groups it is necessary to bring some reflections on group decision-making. In this regard, it is important to underline that the studies and empirical evidences are very limited and instead of analyzing how the decision-making process changes within different groups, they focus on the quality of the choices made and the impact of the group's composition on the effectiveness of the decision-making process.

Thus, starting from the characteristics reported above, it can be said that formal and secondary groups follow a decision-making process with well-specified phases. Kinicki and Kreitner (2009) argue that formal groups are very useful for an organization, as they are able to make complex decisions and implement them effectively. However, on the other hand, Kasimati and Manxhari (2002), underlining the high degree of formalism that characterizes the formal and secondary groups, state that these groups can have negative consequences in case of unstable and new situations or problems and when the company operates in a very dynamic environment. However, what can be said with certainty is that in such groups the decision-making process takes place according to clear procedures and rules, which can damage creativity. Another reflection that can be made about secondary and formal groups refers to the level of commitment and involvement of the members. Since such groups do not arise from the need of members to be together to share a situation or decision, but are made up of members chosen according to their role, skills and abilities, it can be stated that communications, interactions and commitment are lower than for primary and informal groups.

For horizontal groups, as they are composed of members that belong to the same hierarchical level and have homogeneous professionalisms, it can be said that they are better suited for departmental decisions and operational decisions. Vertical groups, on the other hand, being composed of people belonging to different hierarchical levels and having different professionalisms, are more suitable for strategic decisions, which require a complete vision of the company, more information and multiple knowledge. Furthermore, it is important for these decisions that people who will be then involved in the implementation phase participate in the decision-making. In this case not only the legitimacy degree of the decision taken will be higher, but the participation can also improve the quality as the decision, because it is better understood and the right guidelines are given to implement it. When discussing on distinctions

between horizontal and vertical groups, the internal hierarchy must also be taken into consideration. In vertical groups there is a very clear internal hierarchy, but for horizontal groups no. According to the hierarchy the distribution of the power within the group is defined. Thus, in vertical groups not all the opinions and solutions identified have the same importance. From this it can be said that within vertical groups often will be a minority obliged to accept the decisions of the majority. Instead, in horizontal groups the chances that decisions are taken unanimously are greater. This way of reasoning can be better understood if we refer to the Scott model (1987) which considers that not all members of a group have the same status. On the basis of this assumption it can be said that in vertical groups the discrepancies and conflicts are greater.

In the case of homogeneous and heterogeneous groups, empirical evidences offer often contradictory results. It is believed that heterogeneous groups, as members have different personal characteristics and capacities and come from different professions, are able to provide different points of view and analyze situations in many ways. Under these conditions, heterogeneous groups are perhaps better for strategic decisions, which require conceptual skills and capabilities. On the other hand, homogeneous groups are better suited for decisions that are not new and require specific knowledge and technical skills. Kasimati and Manxhari (2002) argue that heterogeneous groups are able to make better decisions and that homogeneous groups are less effective than heterogeneous groups in complex and non-repetitive decisions. In homogeneous groups the lesser diversity emphasizes the social identity of the members, increasing stereotypes for the outgroup. This, like Mannix and Neale (2005) underline, leads to a worse performance. The conclusions of Isenberg (1986) are also interesting. According to the author, homogeneous groups are more affected by the phenomenon of polarization. Phillips, Northcraft and Neale (2006) studied the influence of superficial diversity and profound equality among members on group decision-making. Groups with superficial homogeneity perceived their knowledge and information as less unique and spent less time on the assigned task than groups with superficial diversity. But after members of groups with superficial homogeneity came to know their profound equality, mutual attraction increases. These groups have shown an improvement of performance compared to groups with superficial diversity after becoming aware of the profound equality. On the other hand, Yaniv (2011) concluded that homogeneous groups are more influenced by the framing effect, while in heterogeneous groups this phenomenon is absent.

## RESEARCH METHODOLOGY

The tool used was the direct personal semi-structured interview. The interviews were conducted based on a schedule with a list of topics and issues to discuss, without a predetermined order or

a precise formulation. The questions included in the schedule have been identified based on the literature review and personal knowledge on the research subject. The semi-structured interview was chosen for the current study because the schedule helps to discuss issues and important topics without forgetting someone and offers the opportunity to explore topics which arise during the course of the interview, but that are relevant to the research objectives. It was considered more appropriate the personal face-to-face interview and not the group interview, just to avoid that respondents influence each other in the provided responses. Was tried not to formulate many questions at the same time and to avoid yes / no answers. Furthermore, the questions were formulated carefully and in order not to leave any pending answers, but trying to detail important topics. The attention shown in conducting the interviews was particular, keeping in mind the object of the research. This field is characterized by a high level of confidentiality. Therefore, the risk was that the respondents gave unrealistic answers.

The interview is divided into five sections. The first section of the interview aims to understand how much the groups are used within banking institutions. The second section of the interview tries to highlight which groups are most used within the banking institutions to make decisions. Thus, we try to understand how the groups are composed and how the members are chosen, with the intent to find out if this phase is considered important and if particular criteria are used. In the third part of the interview, we try to gather information on the size of the groups, keeping in mind that this aspect significantly influences the effectiveness of the decisions taken. In the fourth section of the interview we try to understand if there are differences in the positions taken regarding the group's diversity.

For the current research is chosen the non-probability sampling technique, mainly in the form of purposive sampling. So, the units of analysis are chosen for participating to group decision-making or for having the necessary knowledge and information about it. In some cases was also used the information provided from important or privileged subjects in order to identify other participants to be interviewed, anyway trying to meet certain criteria established previously. So, in addition to purposive sampling it was also used the snowball technique. The sample was also determined based on the geographical criteria.

Thus, the current research was focused on the banking institutions and their branches in Tirana and Durres as the two main cities of Albania. It was considered more convenient to interview managers because they can provide more precise and detailed information about groups and decision-making processes, as participants and compilers of decision-making policies and procedures. The managers selected for the survey belong to strategic and departmental level.



Table 1: The distributions of participants by hierarchical level and city

/	City	Tirana	Durrës	Total	%
<i>Position</i>					
<i>Strategic level</i>		4	8	12	43%
<i>Department level</i>		13	3	16	57%
<i>Total</i>		17	11	28	
<i>%</i>		61%	39%		100%

## EMPIRICAL FINDINGS

The effectiveness of the group decision-making process is undoubtedly influenced by the way in which the group is composed. During the group composition phase is decided who will be part of the group and also about the size and degree of diversity (Cohen and Bailey, 1997). All these variables influence the quality of the decision. The criteria by which the members can be chosen are different. Thus, in some cases members can be chosen for their skills, knowledge or information they have. In others, because they will be influenced by the decision or will be involved in the implementation phase. Yukl (2010) focuses on the ability of members. Kume (2010) believes that individuals who are able to work in groups must be chosen. Furthermore, it must be avoid that some of the members feel superior and dominate the group. The characteristics of the decision also influence group composition, indicating the hierarchical level or organizational unit to which the members of the group should belong (Cohen and Bailey, 1997).

Given its importance, during the interviews conducted, various aspects of group decision-making process were discussed. The aim was to understand how members are chosen and what type of group is most used. In this regard, the analysis is done according to the hierarchical levels in order to determine if there are differences.

To begin with, is discussed the importance of the group's composition, precisely to highlight the various positions and to understand if to this phase is given the attention it deserves. Most of the respondents recognize the importance of group's composition phase. They believe that this moment is very delicate and requires attention. The more important the decision is, the more the group's composition becomes crucial for its effectiveness. During the interviews emerges an important aspect that should not be overlooked. In most cases, group composition is known previously. So, often the group is pre-established and is known who the members are. Moreover, it is the organizational structure that defines the composition of the group. For this reason the members of the groups are almost always the same and only by taking a look at the structure we can understand which the decision-making units are. Only in



case of urgent decisions or serious situations can be necessary to form a group that is different from those used usually, but this happens only rarely. From the interviews conducted, it can be said that there are no differences in the way in which a group is composed according to the hierarchical levels. So, not only for the headquarters of the banking institutions, but also for the branches, the groups are stable and we always find the same people being part of it. In addition to the composition of the group is also defined the type of decisions that each group should take. Telling the truth, there is not a profound analysis of how a group should be composed.

At this point, after analyzing the information gathered from the interviews, it can be said that there is no a phase of group composition. This conclusion is valid both for strategic decisions at headquarters and in branches. However, it was considered interesting to understand what the respondents believe. In this regard, the positions taken can be distinguished in: those who believe that this phase is important and those who believe it is not important. Recognizing the importance of the group's composition phase, it is also emphasized that the policies and decision-making procedures determine who will be part of the group. However, while being useful, policies and decision-making procedures based on the characteristics of the situation must be reviewed and improved, instead of always trying to follow them in an exemplary manner. According to some participants, the composition of the group could be an aspect to consider in the future. The managers worry about the quality of decisions without stopping to think that this also depends on the participants. From the analysis of the information collected, it seems that most managers want to justify why to the group's composition is not pay the attention it deserves. They cannot do anything about it, because everything is dictated by the hierarchy. It is considered good if the groups are chosen according to the type of decision. The individuals that have the necessary skills, have the right information and are closer to the problem must be part of the group. Tasks and activities are different for everyone and should not the same people decide for everyone. In the strategic level there are also those managers who emphasize the fact that it is good that groups are pre-established. The assumption of this position derives from the need to avoid a negative consequence of group's composition phase. Thus, the misunderstandings and perceptions that are always chosen those individuals who are close to the boss. This leads us to reflect on another aspect. If the group is composed by the leader of the unit and is not pre-established, this could lead to conflicts or discussions about why some members are chosen and others not. Such discussions will be stronger if the superior has the tendency to choose the same people always. The motivations of the choice can be valid, but depends on how they are perceived by others. We must not forget that the participation in a group can also be seen as a demonstration of trust in the abilities of the chosen person, which undoubtedly influences the personal ego and self-

esteem. Participating in a group to make decisions may offer to the individual a special status both inside and outside the group. However, the members of the group should not be chosen on the basis of the desire to make them participate, but the criteria of selection must be established carefully. Also the fact that the composition of the group requires time is highlighted. Managers believe they have to deal with a large volume of work every day. The fact that the group is pre-established allow them bring the group together as many times as necessary, without wasting time in deciding who will be the members.

By analyzing in detail the information gathered, it can be said that the decision-making groups within the banking institutions are formal and secondary groups, therefore pre-established groups that work according to specific rules. However, from the interviews conducted it was noted that there are differences in the composition of groups according to hierarchical levels. The most important decisions, those that require more financial resources are taken by the Board of Shareholders, made up of all the shareholders and the Board of Directors. Sometimes the Board of Directors must request the approval of the Board of Shareholders. These groups are always stable. The groups are not variable, because when the Shareholders' Board has to decide all the shareholders must express and therefore everyone is part of it. In general, the Board of Directors is also a fixed group, but some managers specify that these groups can also be variable according to the subject of the decision. Many times mixed groups are also used from a hierarchical point of view. In this case, within the group we find the strategic level and the department level. It all depends on the type of situation. For example, if is needed or desired to introduce a new product, the proposal will certainly come from the marketing department, but this is not a decision to be taken at this level, but a strategic decision to be taken together with the CEO. Other examples of mixed groups at the strategic level are the discussion of the respective budgets of each department or when is needed to review the results for each department. But this only happens every six months or once a year. Thus, it can be said that at a strategic level the groups are fixed, but in some cases also variable. The same can also be said for groups that are formed at the department level. Some of the participants of the current study says that for making decisions it is preferred that everyone takes part, because the number of departmental employees is limited. If a lot ideas are identified, the possibility to find the best solution is higher. Other managers talk about pre-established groups with a large participation, by referring to the motivation of their employees. People who then will be responsible for the decision implementation must not be kept in dark. They should contribute to the decision-making process. At the departmental level the spirit of the team is important. Everyone must feel useful, no hostility or competition must be created, and decisions must not be imposed. Regarding to departmental decisions in the branches of the

banking institutions there are no differences in the composition and type of groups. The departmental meetings are weekly and no one should feel embarrassed about discussing problems they have faced during the week. This is because many decisions are interdependent. By discussing all together it can be find the best solution, because the decision is analyzed in many ways. However, it must be said that there are also participants who are not against group decision-making, but who prefer smaller groups.

Decision-making in branch offices is very centralized and the branch manager plays an important role. On the other hand, the departments do not exist in the branches and the decisions made by a group include operations and finance. However, the process is centralized not only on the branch manager, but also on the head office. Another group typology identified is the mixed group between branches and headquarters. They are defined mixed because they are composed of people who belong to different hierarchical levels. So, for example, when deciding whether to hire someone, the branch manager is member of the group with the manager of human resources department and other employees of this department in the central office.

During the interviews, the degree of group diversity was also discussed. The positions taken are different, in line with the literature. In this regard, please note that homogeneous groups are groups composed of members with the same skills and professionalisms. Furthermore, members have more or less the same age, gender and belong to the same ethnic category, nationality etc. As a result, conflicts within the group are low, because the points of view are the same. However, within these groups, due to the lack of competitiveness some of the members become demotivated and suffer the phenomenon of social loafing. On the contrary, heterogeneous groups are composed of people with different abilities and different professionalisms, age, gender etc. In this case, the members are more motivated and involved. However, this type of group has the disadvantage of a difficult communication and the role of the leader assumes great importance.

There are those who argue that diversity is very important and indispensable for good decisions. The analyses made to the problem are different and so it is easier to identify the solutions and their consequences, giving the possibility to discard those that are apparently good, but which in reality are not. However, it is acknowledged that diversity leads to benefits as well as problems, but the benefits are greater than the negative consequences. On the other hand, diversity must be perceived as a chance for further developing the personal abilities. Everyone's experiences are different, from experiences we learn a lot. Furthermore, decisions made especially at the strategic level have important consequences on the whole organization. Despite having a complete view of the company, a homogeneous group is not able to make a

decision that brings benefits at all levels. Some of the interviews state that only who fear the conflicts and don't want to learn don't like diversity. Other respondents emphasize the importance of the analysis under different perspectives and considerations, arguing that diversity is the basis for creativity and innovation.

It must be admitted that most of the interviewees assume a favorable position regarding the diversity, underlining its benefits with regard to the information collected, the alternatives identified, the analysis made and the performance of the group. Only three of the respondents highlight the negative aspects of the diversity. Thus, it is believed that diversity makes difficult the consensus. Everyone will try to defend his point of view. Thus, time losses will be inevitable. Today, the time factor is important and the more points of view there are the more difficult the choice becomes. Conflicts can destroy the group and are characteristic for heterogeneous groups. The member will never find the common language because the interests are too different. One of the respondents to express his position against diversity within a group stops on another aspect. He reveals that he is not comfortable having to argue his opinions to people who do not understand where his ideas are based and why he thinks that way. Furthermore, groups with a high level of diversity work well if members are flexible and not too rigid. The points of view of others must also be accepted. From an analysis of this position it can be said that in groups with a high level of diversity there are communication problems and it seems that the interviewee bases on his experience. It must be emphasized that from what can be deduced, with "diversity" the interviewees refer to information, skills, knowledge and functions. In this regard, it is recalled that Milliken and Martins (1996) distinguish two types of diversity. The first refers to the characteristics that can be observed as age, gender, ethnicity, while the second refers to less observable characteristics such as skills, education, profession, experiences, personality characteristics and personal values.

The information previously reported refers to managers' perceptions about diversity. But what happens inside the banking institutions? What is the degree of group diversity? In this case we must make a distinction between groups formed at departmental levels and groups at the strategic level. Within the department the members have more or less the same skills and the same information. Experiences may distinguish them, but not much. The age is more or less the same and moreover the professional background is similar. The department staff is dominated by young people who were hired at the same time. In addition, banking institutions organize several training sessions where everyone participates. Thus, there are no differences in the skills developed. The meetings at the departmental level are regular and there are no differences in the information people have. It can be admitted that at departmental level the degree of diversity within groups is not very high. The same cannot be said for the strategic

level, in the Boards of Shareholders and Board of Directors where the diversity that refers to experiences, knowledge, information, culture and nation is greater. Also for the branches the diversity of the groups is very low.

Group composition, in addition to the choice of the members also includes the determination of the group size. In this regard, it is recalled that different opinions are found in the literature. The size of the group depends on various factors, such as the nature of the situation (Noorderhaven, 1995). Individuals often engage less when they have to achieve a goal by working in a large group than when they work alone (Latané, Williams and Harkins, 1979). It is easier to reach consensus in small groups of 5-7 members, while it is difficult to reach consensus for large groups of more than 12 members (Kume, 2010). Yetton and Bottger (1982) believe that the most effective groups are those of 4-5 members, while Laughlin, Hatch, Silver and Boh (2006) have concluded that for decisions that require greater intellect the best groups are those of 3 members.

On this variable of the group was also discussed with the participants of the current research. Following is reported how the different managers perceive the size of the group. Also in this case the positions are different. Some of the interviewees admit that the size of the group is not important. Important is that within the group the members are the right ones. The number of the members changes according to the banking institutions and the hierarchical level. Thus, at the strategic level, the number of members of a group varies from 3-7 members in the Board of Directors to 7-18 members in the Board of Shareholders. It can be admitted that in the banking institutions analyzed there is not much attention paid to the size of the group. It is important that the member is chosen for his abilities or because he can be influenced by the decision and therefore his voice must also be heard. However, on the benefits and problems related to the size of the group the positions taken are different. Some of the participants are in favor of large groups. The smaller the group, the more the decision-making will be based on personal interests, but large groups tend to make decisions that are more objective and from which a large number of people can benefit. Another interviewee expresses his opinion in favor of the small groups. He prefers small groups, they make the final choice sooner, and the choice is more the result of the consensus than of a voting process, where by force some members have to submit to the will of the majority. Instead, another interviewee highlights how the group dimension can influence the emergence of conflicts, because large groups are less cohesive. It becomes more difficult to make a decision in large groups, because of the different clans. There is a risk of conflict and greater hostility among the members and unfortunately the decisions are made too late. What emerges from the interviews is that almost all managers express themselves against large groups. Only for two respondents, favoritism is high.

At the department level it is difficult to accurately report the size of the groups, because the interviews were not conducted with all the tactical managers, but only with some of them. However, the information collected offers an idea about it. At the departmental level, the groups are fixed and in any case all the members of the department participate in the decision-making process. But banking institutions differ in the number of employees in departments. Some banks have a limited number ranging from 5 to 7 members or even 10. In addition, in some banking institutions within a single department there are several sub-units. In this case the groups composed of people belonging to different levels in the same department can vary from 3 to 7. Regarding the branches, the groups are small and can vary from 3 to 5 members.

## CONCLUSIONS

The aim of the present research was to understand if group decision-making processes are used within banking institutions in Albania, to study the characteristics and the type of decision-making groups and to discover how group decision-making process takes place. Following is a summary of the results obtained.

The analysis conducted highlights that group decision-making processes are widely used within banking institutions of the sample examined. Most of the interviewees state how important the composition of the group is, underlining however the fact that all depends on the type of decision. The more important the decision is, the more the group composition becomes crucial for its effectiveness. It has been understood that in most cases the groups are pre-established and there is no a phase of group composition. However, two different positions can be identified: those who believe that this phase is important and those that do not consider it important. The decision-making groups within the banking institutions of the sample examined are formal and secondary groups, therefore pre-established groups that work according to specific rules. Moreover, in most cases they are fixed groups, instead of variables. Another group typology identified is the mixed group between branches and headquarters. They are defined mixed because are composed of members that belong to different hierarchical levels.

During the interviews, the degree of group diversity was also discussed. The positions of participants regarding the diversity of the group are also different. It has been noted that most of the interviewees express their favoritism for diversity, underlining its benefits in the information collected, the alternatives identified, the analysis made and regarding the group's performance. Only few managers are against diversity, highlighting some of its negative aspects such as the need for many meetings and discussions to arrive at the final decision, delays and conflicts. At the departmental level, the degree of diversity is not very high. This cannot be affirmed for the



strategic level, where in the Council of Shareholders and in that of Directors the diversity that refers to experiences, knowledge, information, culture and nation is greater. Also in the branches the diversity of the groups is very low. It is not easy to determine whether to use heterogeneous or homogeneous groups. The characteristics of the decision and the skills required are once again the criteria on which to reflect.

The composition of the group, in addition to the choice of the members, also includes the determination of the group size. Interesting is the fact that in almost all the interviews conducted managers express their oppositions to large groups. At the department level it is difficult to accurately report the size of the groups, because the interviews were not conducted with all the tactical managers, but only with some of them. However, it can be said that at the departmental level the groups are fixed and almost always all the members of the department participate in the decision-making process. But banking institutions differ in terms of the number of employees in the departments. Some institutions have a limited number ranging from 5 to 7 members, others to 10 members. Furthermore, in some banking institutions the department is made up of different sub-units. In this case the groups composed of people belonging to different levels in the same department can vary from 3 to 7. Instead, in the branches the groups are small and range from 3 to 5 members.

## **FURTHER STUDIES**

The current research represents a contribution regarding the group decision-making process within the banking institutions. To our knowledge there is no other research in this regard. More specifically, this study tries to discover how much the group decision-making process is used by the banking institutions and analyzes the dynamics of this process and other important aspects related to the group composition.

The current research can be considered a starting point for further research in the future, which can take into analysis other variables regarding group decision-making. Thus, it can be interesting to assess what is the propensity towards group decision-making processes. The group is widely used by banking institutions for decision-making purposes, but what do employees think about? Do they feel better if they have to decide in group or when they have to make a choice by themselves? Does decision-making with participation influence positively the motivation and consequently the individual performance? Furthermore, the characteristics of the group decision-making process and the propensity towards it can also be studied outside the banking sector, analyzing other sectors of the economy.



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