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Maximizing Tendency and Decision Making Among 'To Be' Professionals

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Abstract

Making decisions during uncertain times is crucial as it is not tested in the market before and it may have severe consequences. The experienced professionals in the market takes precautionary measure and are found to be thoughtful and at the same time the young management graduates about to enter in the market will feel the heat. Among them some are maximizers who do not settle with good enough option while taking decisions. The present study is based upon two different aspects. The first is to know whether 'to be' professionals with maximizing tendency make a decision influenced by the previous regrets in life. The other is to know whether an individual with maximizing tendency takes a decision first and regret later. For the purpose of the study the data on maximizing tendency, regret and decision making using a validated instrument has been collected from 163 post graduate management course students who received their offer letters for final placements and now ready 'to be' professionals. The results suggest that there is partial mediation of regret on decision making and full mediation of decision making on the regret while considering the maximizing tendency as independent variable for both the models.

Keywords: Decision Making, Maximizing Tendency, Regret, Student, 'to be' professionals.

1. Introduction

Human beings are forced to take various decisions in their day to day life. The decision they make have consequences involved into, thus making an optimal decision become important. At the workplace the professional who are involved in various functions and processes may take decisions on the basis of their experience, exposure and learning from the environment. Some people learn it from past experiences however some are being taught to make better decisions because the impact of professional's decisions can be observed by the difference in the sales figure, overall earnings of the organization or profits earned. In management school or any other professional course the students learn taking better decisions with the help of case studies, business simulation models, team based activities, projects, assignments and many more such activities. These 'to be' professionals are made to learn better decision making. The entire processes of these courses involve gradual learning among them.

While making decisions people try to be rational, as they have all the information necessary to evaluate all possible alternatives (Persky, 1995), however their tendencies differ and it is either to maximize or satisfice (Schwartz *et al.*, 2002) because of the involvement of time and money constraints in collecting information (Simon, 1995, 1996). The decision makers are satisficers rather than the optimal ones due to the existence of the specific constraints that vigor the

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decision maker to be less than rational (Simon 1955, 1956). During decision making some people without fail try to opt for the 'best', while others prefer to satisfice and settle for the option which is simply good enough (Simon 1955). There may be variation in the degree of desire to maximize to which an individual is satisficers who may be at ease with a satisfactory or good enough result with comparison to maximizers who tries to find the absolute best solution (Schwartz 2002). Iyengar *et al.* (2006) studied about to be professionals and their satisfaction from their jobs and found that the respondents with high maximizing scores expressed poor job satisfaction and vice versa; however they objectively chosen the jobs with higher salaries. It's been proven that the people with maximizing tendency experience less happiness, optimism, satisfaction, and self esteem than satisficers (Schwartz *et al.* 2002). They also experience more depression, regret, and tendency towards perfectionism than satisficers (Schwartz *et al.* 2002; Weinhardt *et al.* 2012).

2. Maximizing Tendency

Maximizing tendency is a general tendency to make a decision by pursuing the optimal alternative while decision making (Diab *et al.* 2008). The tendency is the quest to lookout for best possible option and not settling for less (Lee *et al.* 2010). While explaining about maximizers, Schwartz *et al.* (2002) mentioned that they tend to engage in extensive search for other alternatives to find out all the possible options in choosing the best option. It is also found that while extensive search for all possible options the maximizers may induce more anticipated regret which further decreases the pleasure from the choice outcomes. Maximizers tend to compare their possession with the ideal thing (Schwartz *et al.* 2002). It has been observed that due to different options for solution, the individuals with a goal to maximize would likely to regret and be unhappy towards their decision making (Schwartz *et al.* 2002). The maximizers are less satisfied and mostly engaged in social comparison and adversely affected by it too (Schwartz, *et al.* 2002, Iyengar *et al.* 2006). The individuals with low maximization tendencies are not inclined to invest time and energy to seek other alternatives (Lee *et al.* 2010).

It has been observed that the interest of researchers towards conceptualization and measurement of maximization construct has increased in last two decades (Schwartz, 2002; Diab *et al.*, 2008; Nenkov *et al.* 2008; Lee, 2010; and Rim *et al.* 2011, Weinhardt *et al.* 2012). Schwartz *et al.* (2002) presented a 13 items maximization scale through their work on seven different samples including students and adults. Nenkov *et al.* (2008) studied different factors of maximizations scale in ten different data sets of adults & students and found three prominent factors such as alternative Search, high standards and decision difficulty. Diab *et al.* (2008) stressed that the nature of maximization tendency and the multidimensional nature of maximization scale contradicts each other and then they developed a maximizing tendency scale including 09 items into it. Rim, *et al.* (2011) concluded in their study that there is a serious weakness in the measurement capabilities of the scales offered by Schwatz (2002) and Diab (2008). Weinhardt *et al.* (2012) studied the construct validity of maximization scale and maximization tendency scale and further suggested that the concept of maximizing and satisficing, appears to be most consistent with the revised maximization tendency scale.

3. Maximizing Tendency and Decision Making

While making decision everyone may not always accommodate the acquisition of all the relevant information (Thaler and Sunstein, 2008) as it requires time and money. People differ in terms of their tendencies to maximize or satisfice (Schwartz, 2002), the maximizers try to find out all the possible relevant information for decision making while satisficers utilize the available relevant information for making decision as it is found to be least expensive option (Simon 1995, 1996). From the decision making perspective maximizing tendency is a bipolar construct and it

differentiates maximizers and satisficers (Lee *et al.* 2010). The maximizing tendency moderates the effect of satisfaction and sustaining the chosen option for further use. It further affects the decision making in various usage and the researchers mentioned the need of future research to study the effect of maximizing tendency on decision making (Lee *et al.* 2010).

It is found that the maximizers get involved in more social comparisons which induce regret and contrary to fact thinking among them about what might have been as they may have less beneficial decision making styles Schwartz *et al.* (2002). Iyengar, Wells, and Schwartz (2006), have stated that maximizers generally question their own choices as they rely more on external information sources. Bruine de Bruin *et al.* (2007) observed in their work that individuals with high scores on Schwartz *et al.*'s (2002) maximizing scale had lower scores on a measure of Decision-Making Competence (DMC). Rim *et al.* (2011) through IRT analysis indicated that maximization tendency is also related to difficulty in taking decision. Parker *et al.* (2007) studied relationship between maximization tendency and specific decision making styles and found that maximizers tend to look for more information (Schwartz *et al.*, 2002), and thus express poor decision making competence and experience more regret (Iyengar *et al.*, 2006; Schwartz *et al.*, 2002).

4. Maximizing Tendency and Regret

Maximizers are the one who expects maximum utility whereas satisficers go with good enough option (Simon 1978). It made researchers to think that individual difference in decision making is due to preference or the ability through which an individual makes decision consistently irrespective of situations or tasks involved in. (Bromiley and Curley, 1992; Stanovich and West, 1998, 2000;). People with strong commitments to maximizing experience greater regret (Parker *et al.* 2007) and they are more sensitive to regret than satisficers (Zeelenberg and Beattie 1997). Apart from it people who attempt to maximize in life, with respect to happiness, optimism, satisfaction & self-esteem, have a sense of more depression, perfectionism, and regret (Schwartz *et al.* 2002).

5. Regret and Decision Making

Maximization tendency is related to decision making and it has been found that during analyzing options available, search for alternative & decision difficulty are correlated to the regret-based decision making style and further to the act of delaying (Rim *et al.* 2011). Schwartz *et al.* 2002, mentioned in their work that regret mediates the relationship between the maximization and different measures of well-being. Zeelenberg and Pieters (2007) mentioned in regret theory that regret may be experienced for past as well as future decisions. It is an emotion that affects decision making, relevant for meeting set goals. It is being observed that when individuals believe that their present situation could have been better if they would have decided in a different way in their past. Regret as self control mechanism, acts as a prevention tool for evaluating the potential outcomes and would help in better decision making and to have a happier life (Inman Jeffrey 2007; Zeelenberg and Pieters 2007). Regret is an emotion critical for decision making and managing the ongoing behavior effectively (Rose, Summerville and Fessel, 2007). Maximizers generally express more regret, worse decision-making competence and poor outcome scores (Bruine de Bruin *et al.* 2007).

6. Current Study

During literature review it was found that in the entire process of decision making, the maximizers are found to take too much time and effort in evaluating the best option and then regret after taking too long in decision making. On the other side it is fairly possible that they take future decisions based on the regrets in the past.

Different studies took place using the constructs namely maximizing tendency, regret and decision making; however the present study focuses attention on two different aspects. The first is to know whether an individual with maximizing tendency makes a decision influenced by the previous regrets in life. The other is to know whether an individual with maximizing tendency takes a decision first and regret later. For both such questions two theoretical models have been developed and the same are given below:



Figure 1: Proposed Model 1



Figure 2: Proposed Model 2

Method

For the purpose of study the primary data was collected from 'to be' professionals. The respondents took part in the study were the students of 02 years full time post graduate management diploma course. The data collection was done using validated instruments and the questionnaire was shared among 284 participants using google link. Out of them only 174 responses at 61% response rate were received and among them 163 usable responses were considered for analysis.

Measures

Maximizing Tendency Scale

For the purpose of current study, the revised maximizing tendency scale (MTS: Diab *et al.* 2008) also proposed by Weinhardt *et al.* (2012) have been used. It is six items scale and the respondents rated their responses on 5 point likert scale from 5 as strongly agree to 1 as strongly disagree. The reliability of the scale in the sampled respondents was found as 0.737, with mean score 19.58 and standard deviation as 4.753. Some of the items in the scale were 'I don't like having to settle for good enough' 'I am a maximizer' and 'No matter what I do, I have the highest standards for myself'.

Regret

For measuring regret the scale proposed by Schwartz *et al.* (2002) has been taken. It is five items scale and the respondents were asked to mark their responses on 7 point likert scale from 7 as completely agree to 1 as completely disagree. The reliability of the scale in the sampled respondents was found as 0.729, with mean score 22.44 and standard deviation as 6.44 Some of the items in the scale were 'Once I make a decision, I don't look back', 'Whenever I make a choice, I'm curious about what would have happened if I had chosen differently' and 'When I think about how I'm doing in life, I often assess opportunities I have passed up'.

Decision Making

To measure decision making among the respondents the scale proposed by French *et al.*, (1993) has been used. It is twenty one items scale and the respondents rated their responses on 7 point likert scale from 7 as very frequently to 1 as never. The reliability of the scale during

the study was found as 0.894, with mean score 87.30 and standard deviation as 17.81 Few of the items in the scale were ‘Do you enjoy making decisions?, ‘When you find one option that will just about do, do you leave it at that’ and ‘Do you avoid taking advice over decisions’.

7. Analysis

On the basis of literature review, two theoretical models were developed. The study included three constructs namely maximizing tendency, regret and decision making. Previous studies have shown that maximizing tendency has an impact on decision making and the maximizers generally lead to regret feeling. In both the proposed models the maximizing tendency was considered as independent variable and the mediating effect of regret and decision making on one another respectively was analyzed using path analysis.

8. Result

The correlation coefficient, mean score and standard deviation among the variables are presented in the table no. 1. Path analysis was used to study the indirect effect of maximizing tendency on decision making and on regret with one mediating variable regret and decision making respectively. The model fit for both the models were found same and it recorded the p value as 0.00, GFI as 0.676, AGFI as 0.629, CFI as 0.699 and RMSEA as 0.09. To have a good fit model the value of GFI, & CFI should be less than 0.9, AGFI less than 0.8 and RMSEA less than 0.1 (Chauhan, 2015). Thus the models was considered as good fit.

Table 1: Correlation Coefficient, Mean Score and Standard Deviation

	Maximizing Tendency	Decision Making	Regret
Maximizing Tendency	-	-	-
Decision Making	0.472	-	-
Regret	0.346	0.551	-
Mean Score	19.57	87.3	22.43
Standard Deviation	4.75	17.81	6.44

Source: Self compiled from analysis

Model 1

The result of the path analysis indicated that the unstandardized regression slope coefficient of the causal relationship between maximizing tendency & decision making as 0.90 and the p value as 0.00. It indicated significant impact of maximizing tendency on decision making. After introducing the mediating construct i.e. regret, the result indicates that the indirect effect of maximizing tendency to regret to decision making was 0.66 and the p value as 0.00. The result further indicated that the value of regression coefficient was reduced and the p value was significant, it appeared a partial mediation. The result concluded that there was a partial mediating effect of regret during cause and effect relationship between maximizing tendency and decision making.

Table 2: Unstandardized Path Coefficient, Standard Error, Regression Weight Estimates and P Value of Model 1

	Estimates	S.E.	CR	P
Maximizing Tendency → Regret	0.713	0.199	3.578	0.00
Regret → Decision making	0.337	0.078	4.317	0.00
Maximizing Tendency → Decision making	0.663	0.152	4.367	0.00

Source: self compiled from analysis

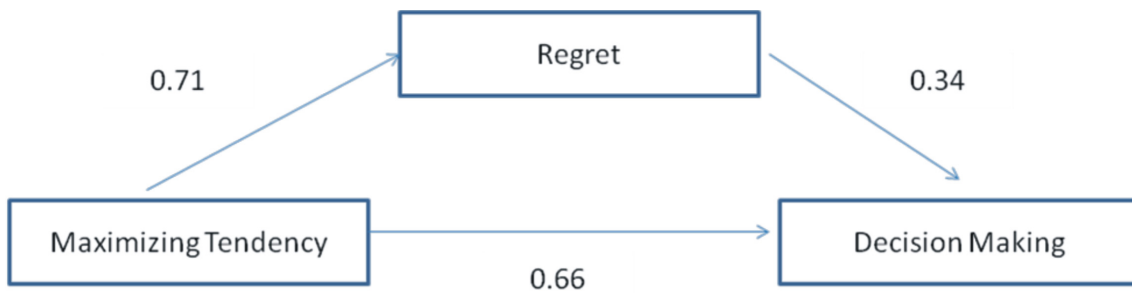


Figure 3: Path Analysis Showing Regret as Mediating Construct

Model 2

In model 2, the result of the path analysis indicated that the unstandardized regression slope coefficient of the cause and effect relationship between maximizing tendency and regret was 0.67 and the p value as 0.00. It further indicated significant impact of maximizing tendency on regret. After introducing the mediating construct i.e. decision making, the result specified that the indirect effect of maximizing tendency to decision making and then to regret was 0.10 and the p value as 0.638. The result indicated that the value of regression coefficient was reduced and the p value was insignificant, thus it appeared as a full mediation. The result concluded full mediating effect of decision making during cause and effect relationship between maximizing tendency and regret.

Table 3: Unstandardized Path Coefficient, Standard Error, Regression Weight Estimates and P Value of Model 2

	Estimates	S.E.	CR	P
Maximizing Tendency → Decision making	0.904	0.171	5.277	0.00
Decision making → Regret	0.667	0.156	4.340	0.00
Maximizing Tendency → Regret	0.101	0.215	0.470	0.638

Source: self compiled from analysis

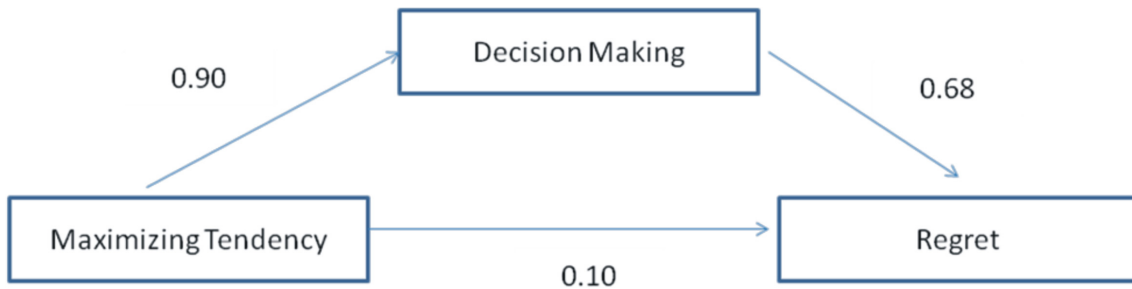


Figure 4: Path Analysis Showing Decision Making as Mediating Construct

9. Discussion

After analysis of model 1, the result can be interpreted as there is partial mediation of regret while observing the impact of maximizing tendency on decision making. It means that ‘to be’ professionals with maximizing tendency partially consider their previous regrets while making an important decision. The previous regrets do not fully affects decision making however it has indirect impact up to certain extent only on decision making. The results also support the regret theory proposed by Zeelenberg Marcel and Pieters Rik (2007) where in regret is considered as an emotion that influences decision making that is relevant for meeting set goals.

Similarly the result of model 2 can be interpreted as full mediation of decision making among the maximizers towards regret. It means that among ‘to be’ professionals the maximizers take decision first and regret later and there is an indirect impact of decision making on regret later. The results are also in conformity with the work done by Schwartz *et al.* (2002) who studied the degree to which maximizing is associated with regret about the decisions. They mentioned that the regret occurs because of time and effort in evaluating more number of options and failing to choose the best option. Thus it seems that people with maximization tendency make decisions first and regret later as confirmed by model 2 in the current research work.

On the basis of the results from the current study, it can be concluded that ‘to be professionals’ consider the regrets of previous decisions in mind while taking any crucial decision further and most of the times after taking any decision they regret about the choice they made. It may be mainly because they take more time and put more efforts in finalizing the best possible option. During uncertain situations the maximizers end up regretting their decision for varied reasons.

10. Scope for Future Research

While working with three construct such as maximizing tendency, decision making and regret the researchers felt that the concept of maximizing tendency is not much studied and there can be more work related to it. In future the researchers can consider studying the relationship and causal effect of maximizing tendency on the outcome achieved or other constructs which are measurable and significant from the industry perspective as well. Apart from it as the study was based upon maximizer’s tendency for decision making and regret, one may further exclusively the decision making and regret among the satisficers to strengthen the area of the study.

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