

# **THE DECISION MAKING STYLES OF BUSINESS STUDENTS: THE TENDENCY TO MAXIMIZE OR SATISFICE**

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## **ABSTRACT**

This study investigates the role that maximizing and satisficing tendencies play in how students' choose a particular career path, how it impacts their learning in the classroom, and how it relates to other emotional competencies and abilities. On one side of the spectrum, satisficers tend to choose the option that meets their minimum criteria, often settling for good enough options rather than seeking out new alternatives. On the other end of the scale, maximizers tend to spend more resources to find the best choice. This research may provide some useful advice for career consultants and guidance counselors on how to better assist students in their educational journey.

## **INTRODUCTION**

Researchers have recognized that the decision making process can change over time with individuals making tradeoffs between accuracy and effort. Some people try to choose the "best" (maximizers) while other people tend to settle for something that is good enough (satisficers) [3]. This study investigates the role that maximizing and satisficing tendencies play in how students' choose a particular career path, how it impacts their learning in the classroom, and how it relates to other emotional competencies and abilities. Herbert Simon coined the term satisficing [8] to describe how people make decisions given their limited capacity to process information. According to Simon, people satisfice because they cannot foresee all of the options and weight each alternative. Generally, at the time satisficing reflected a decision-making limitation that lead to sub-optimal decisions in economic terms. More recently, satisficing has been conceptualized as an individual difference or trait that can be measured [7]. On one side of the spectrum, satisficers tend to choose the option that meets their minimum criteria, often settling for good enough options rather than seeking out new alternatives. On the other end of the scale, maximizers tend to spend more resources to find the best choice. These differences in decision-making styles have been associated with various life outcomes. Maximizers have generally been associated with being less happy, as they tend to have very high expectations despite limited options [6]. This contention appears to be visible in a study of college students searching for jobs during their final semester in college. Maximizers in the group were less happy with their job search outcomes than the satisficers [1]. However, the tendency to search for more options seems to pay off as another study found that maximizers earn about 20% higher starting salaries. Although these studies have made some interesting discoveries about how students search for jobs upon graduation, this study attempts to understand how these different decision making tendencies impact a student's choice of major, and heir learning style in the classroom.

## **METHODOLOGY AND CASE ANALYSIS**

To measure whether people are maximizers or satisficers, Schwarz [5] developed a scale called the Maximization Scale. The scale evaluates three dimensions of maximizing: alternative search, decision-

making difficulty, and outcome expectancy. This study used the Maximization Scale (Schwarz et al. 2002) to investigate how maximizing or satisficing decision-making styles impact a student's choice of major. In addition, we investigate whether gender plays a role in these differences. An example of an item is "When I'm in the car listening to the radio, I often check other stations to see if something better is playing, even if I am relatively satisfied with what I'm listening to." Items on the Maximizer Scale range from 1=strongly disagree to 7=strongly agree. Scores for dimensions were calculated as a mean of item responses. An appropriate approach to analyze the data is a one-way analysis of variance (ANOVA) for each of the three dimensions by major and by gender.

## RESULTS

A one-way analysis of variance (ANOVA) was conducted to examine the effect of major on three dependent variables (three dimensions of the Maximizer Scale). No significant differences were found for average scores on alternative search, decision difficulty, and high standards by major. A one-way analysis of variance (ANOVA) was conducted to examine the effect of gender on three dependent variables (three dimensions of the Maximizer Scale). Significant differences were found for average scores on decision difficulty by gender,  $F(1,144)=5.21$ ,  $p=0.024$ . The means for males ( $n=83$ ) was 3.52 ( $sd=1.52$ ) while the mean for females ( $n=63$ ) was 4.12 ( $sd=1.65$ ).

**TABLE 1: DESCRIPTIVE STATISTICS**

| Major            | Frequency | Percentage |
|------------------|-----------|------------|
| Accounting       | 33        | 23.7       |
| CIS              | 8         | 5.8        |
| Finance          | 24        | 17.3       |
| General Business | 11        | 7.9        |
| Management       | 32        | 23.0       |
| Marketing        | 31        | 22.3       |
| n=139            |           |            |
| Gender           | Frequency | Percentage |
| Male             | 83        | 56.8       |
| Female           | 63        | 43.2       |
| n=146            |           |            |

**TABLE 2: MEANS AND STANDARD DEVIATIONS BY MAJOR**

| Major            | n  | Alternative Search | Decision Difficulty | High Standards |
|------------------|----|--------------------|---------------------|----------------|
| Accounting       | 33 | 4.14 (1.45)        | 4.00 (1.63)         | 5.48 (1.24)    |
| CIS              | 8  | 3.81 (1.19)        | 4.50 (1.71)         | 5.50 (1.04)    |
| Finance          | 24 | 4.63 (1.54)        | 3.44 (1.58)         | 5.58 (1.07)    |
| General Business | 11 | 4.13 (1.38)        | 4.05 (1.62)         | 5.09 (0.86)    |
| Management       | 32 | 4.48 (1.26)        | 3.58 (1.63)         | 5.44 (1.11)    |
| Marketing        | 31 | 4.50 (1.33)        | 3.79 (1.44)         | 5.65 (1.05)    |

**TABLE 3: MEANS AND STANDARD DEVIATIONS BY GENDER**

| Gender | n  | Alternative Search | Decision Difficulty* | High Standards |
|--------|----|--------------------|----------------------|----------------|
| Male   | 83 | 4.39 (1.30)        | 3.52 (1.52)          | 5.54 (1.06)    |
| Female | 63 | 4.26 (1.48)        | 4.12 (1.65)          | 5.38 (1.19)    |

\*p<.05

**TABLE 4: ANOVA RESULTS BY MAJOR**

| Dependent Variable  | F    | Df      | P     |
|---------------------|------|---------|-------|
| Alternative Search  | 0.77 | (5,133) | 0.570 |
| Decision Difficulty | 0.85 | (5,133) | 0.520 |
| High Standards      | 0.46 | (5,133) | 0.807 |

\*p<0.05, \*p<0.01

**TABLE 5: ANOVA RESULTS BY GENDER**

| Dependent Variable | F    | Df      | P     |
|--------------------|------|---------|-------|
| Accounting         | 0.32 | (1,144) | 0.574 |
| CIS                | 5.21 | (1,144) | 0.024 |
| Finance            | 0.75 | (1,144) | 0.389 |

\*p<0.05, \*\*p<0.01

**TABLE 6: CORRELATIONS BY MAJOR**

|                     | Alternative Search | Decision Difficulty | High Standards |
|---------------------|--------------------|---------------------|----------------|
| Alternative Search  | -                  | 0.006               | 0.414****      |
| Decision Difficulty | -0.107             | -                   | 0.164          |
| High Standards      | 0.244              | 0.081               | -              |

\*p<0.05, \*\*p<0.01, \*\*\*p<0.001, \*\*\*\*p<0.0001

Note: correlations for male shown above the diagonal and for female below the diagonal.

**TABLE 7: CORRELATIONS BY GENDER**

| Major            | Alternative Search vs. Decision Difficulty | Alternative Search vs. High Standards | Decision Difficulty vs. High Standards |
|------------------|--|---------------------------------------|--|
| Accounting       | -0.145                                     | 0.300                                 | -0.039                                 |
| CIS              | 0.227                                      | 0.058                                 | 0.141                                  |
| Finance          | -0.393                                     | 0.560**                               | -0.048                                 |
| General Business | 0.333                                      | 0.052                                 | -0.093                                 |
| Management       | 0.071                                      | 0.516**                               | 0.336                                  |

|           |        |       |       |
|-----------|--------|-------|-------|
| Marketing | -0.004 | 0.125 | 0.071 |
|-----------|--------|-------|-------|

\*p<0.05, \*\*p<0.01, \*\*\*p<0.001, \*\*\*\*p<0.0001

## CONCLUSIONS, IMPLICATIONS AND FUTURE RESEARCH DIRECTIONS

Our next step in this project is to investigate the impact of a student's decision making style on their ability to learn from different types of content in the classroom. Maximizing students may prefer to view content in many different mediums, while satisficers may learn better with fewer, more specific options. Adapting our teaching methodologies to better meet the needs of both decision making styles may pay dividends in the classroom. Since females were significantly higher in the decision difficulty dimension, it would be interesting to see if this also impacts the way they learn and retain knowledge.

Another extension of this research would be to investigate the connection between emotional competencies of maximizing or satisficing and decision making styles. Emotional Intelligence distinguishes the non-cognitive psychological aspects of intervening in human behavior. Emotional Intelligence is defined as "The ability to monitor one's own and others' emotions, to discriminate among them and to use this information to guide one's thinking and actions" [5]. Researchers have identified a substantial relationship between the emotional and cognitive elements of intelligence of individuals and how that significance matters in achieving many of the goals established by human behavior [2]. The decision-making or selection among alternatives is an integral element of this goal achievement process. For students, academic success is a common major goal and achievement of this major goal is fueled by the challenges of managing emotions such as anger, fear, anxiety, depression, guilt, frustration, impulse control, internal motivation, delayed gratification, empathy and hope to mention a few. It can also be reasoned that emotional intelligence may be a significant contributor not only to academic success but also to choice and development of a career path.

As we look to fill our companies with the best and brightest talent in the field, it is important that we understand how students go about choosing a particular career path, and the impact those choices have on their ability to succeed. This research may provide some useful advice for career consultants and guidance counselors on how to better assist students in their educational journey.

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