

Czech University of Life Sciences Prague

Faculty of Economics and Management

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**Bachelor Thesis: Managerial Decision
Making**

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Faculty of Economics and Management

BACHELOR THESIS ASSIGNMENT

Ilona Zakharova

Business Administration

Thesis title

Managerial Decision Making

Objectives of thesis

The thesis aims to search for individual characteristics (formalized) decision-making methods, put their application constraints (appropriate/inappropriate), and apply some selected techniques to actual decision-making tasks.

Methodology

The theoretical part of the thesis will be processed in the form of a literature overview providing the current state of knowledge within the thesis topic. The literature review will represent the theoretical basis for the subsequent application part of the work, which will use adequate methods to support managerial decision-making within the selected task of business practice while observing the maximum possible objectification of the output from the decision process.

The proposed extent of the thesis

30 – 40 pages

Keywords

deterministic decision making, consistency, contradiction, rational choice

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Bazerman, M.H. (2012). Judgment in Managerial Decision Making. Harvard Business School. ISBN-13: 978-1118065709.

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Schneeweiss C. (2003). Distributed Decision Making. Springer; 2nd edition. ISBN-10: 3540402012.

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Declaration

I declare that I have worked on my bachelor thesis titled "Managerial Decision Making" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the bachelor thesis, I declare that the thesis does not break any copyrights.

In Prague on 28.11.2023

Ilona Zakharova

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My grateful appreciation goes to Professor Tomáš Macák, who made me realize how useful and curious it is to study the subject of management in-depth. The knowledge given by the professor will always resurface in my memory, which I am absolutely sure will be important to me in the future. Especially the knowledge from my thesis. Finally, I would like to thank my loved ones who have given me valuable support along the challenging, but memorable journey.

Managerial Decision Making

Abstract

It is essential to be aware of what these actions entail, especially when they are businessrelated. That is why managerial decision-making is a critical aspect of organizational performance and success, particularly in today's dynamic and complex business environment. This thesis examines the factors that influence decision-making processes in an insurance company, with a specific focus on the role of the branch manager. Effective decision making enables managers to identify and respond to opportunities and challenges, allocate resources efficiently, and ensure that the organization stays competitive. Poor decision making can lead to costly mistakes, missed opportunities, and decreased employee morale. According to the branch manager's requirements, the skills and abilities for each candidate will be given a criteria scale in a table format, to be compared with one another.

Keywords: Deterministic decision making, consistency, contradiction, rational choice

Manažerské rozhodování

Abstrakt

Nejdůležitější je být si vědomi následků každého rozhodnutí, primárně rozhodnutí, které se týká podnikání. Právě z tohoto důvodu je manažerské rozhodování podstatnou součástí podnikatelské výkonnosti a úspěchu, zejména v dnešním dynamickém a komplexním podnikatelském prostředí. Tato diplomová práce zkoumá faktory ovlivňující proces manažerského rozhodování v pojišťovně, přičemž klade důraz na pracovní pozici vedoucího pobočky. Efektivní rozhodování umožní manažerovi identifikovat příležitosti a výzvy, vhodně na ně zareagovat, adekvátně rozdělit dostupné finanční prostředky a zajistit konkurenceschopnost podniku. Na druhou stranu, následky špatného rozhodování jsou nákladné, představují promarněné příležitosti a důsledkem obvykle rovněž bývá snížená morálka zaměstnanců. Na základě podmínek manažera a schopnostech a dovednostech každého uchazeče bude v příložených tabulkách použita stupnice, která nám podle specifických kritérií umožní porovnat jednotlivé uchazeče.

Klíčová slova: deterministické manažerské rozhodování, nábor, konzistence, rozpor, racionální volba

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1. Introduction

This chapter will provide a summary of the concept of the topic. Managerial decision making refers to the process of evaluating different options and selecting the best course of action to achieve a specific goal or objective. I focused on this topic primarily because it is related in part to my major field of study. The Management Skills course and the unit of study in that course had an impact upon my topic. I also wondered how it operates in the field of business.

“Truly successful decision-making relies on a balance between deliberate and instinctive thinking.” – Malcolm Gladwell (Svoboda, 2021)

Decision making process involves collecting and analyzing information, developing and evaluating alternatives, choosing a solution, and implementing and monitoring the chosen solution. Effective managerial decision making requires the ability to identify problems, understand relevant information, consider multiple perspectives, and weigh trade-offs. It is a critical aspect of management and plays a significant role in the success of an organization (Minds Count Foundation, 2008).

Meanwhile, if any decision is considered, they can be seen as an unending chain reaction. As an example, if a manager determines to arrange a language course for employees to broaden the company's influence, reach a brand new market, and attract international business, the first thing that needs to be done is to invest the time and financial resources to identify the proper courses or trainers, keeping in mind the factors such as experience, costs, affordability, and recommendations. At this stage, the allocation of the manager's resources and the working time of the trainer are affected to a lesser extent, since it is likely that the employees' curiosity might eventually change and lean towards learning the foreign language.

The next step for the manager is organizing a language class timetable for employees and tutor. This mainly concerns the employee's hours, since classes will take place either during work hours or in leisure hours. Once staff have acquired sufficient linguistic skills and knowledge, a manager will assign tasks to foreign clients, which in turn will develop new skills by applying new linguistic expertise and interacting with people from cultures different from its own.

At the meantime, clients will be impressed by the new opportunities offered by overseas staff, which may lead the company to eventually establish a new branch office in a different country. The company's sphere of impact will then expand, potentially increasing revenue and earnings, opening up new and exciting possibilities for the company's expansion. Hence, decision making is critical for organizational success, as it affects various aspects of business operations, including strategy, performance, and competitiveness. Effective decision making allows organizations to take advantage of opportunities and respond to challenges in a timely and effective manner. It also helps organizations to allocate resources efficiently and effectively, which can improve organizational performance and increase competitiveness.

2. Theoretical part

This is qualitative investigation using a deductive approach. Managerial decision making is a critical aspect of management that involves the process of evaluating different options and selecting the best course of action to achieve a specific goal or objective. The process of managerial decision making involves collecting and analyzing information, developing and evaluating alternatives, choosing a solution, and implementing and monitoring the chosen solution. Effective managerial decision making is essential for organizational success and plays a significant role in the overall performance of an organization. The theoretical chapter is dedicated to outlining the most important concepts relevant to the main topic of the thesis. The concepts are in turn related to 3 main spheres: management, decision-making from the economical and psychological perspectives and recruitment.

2.1 Managerial decision making in recruitment

2.1.1 Cost-benefit analysis

Cost-benefit analysis is a common approach used in managerial decision making during the recruitment process. It involves weighing the costs associated with hiring a new employee against the expected benefits to determine if the investment is worthwhile. This analysis may consider factors such as the cost of advertising the job, conducting interviews, background checks, training, and benefits, as well as the expected return on investment such as increased productivity, improved morale, and reduced turnover. The goal of cost-benefit analysis is to determine whether the costs of recruiting, hiring, and training a new employee are outweighed by the benefits of having them on the team (Hayes, 2023).

Examples of costs associated with recruitment and hiring can include:

- Advertising the job: Cost of placing job advertisements in newspapers, online job boards, or specialized websites.
- Recruitment fees: Fees charged by recruitment agencies or headhunters to find and bring in candidates.
- Interviewing costs: Travel expenses for candidates, meals and other expenses for interviewers, and cost of facilities used for the interviews.

- Background checks: Cost of conducting background checks, reference checks, and any other necessary verifications.
- Training costs: Costs associated with onboarding, training, and development for the new employee.
- Benefits: Cost of providing benefits such as health insurance, retirement plans, and paid time off.
- Lost productivity: The cost of lost productivity while the position is vacant and the new employee is getting up to speed.

2.1.2 Decision making and opportunity cost

It's worth starting with the fact that opportunity cost is an important concept in decision making, including recruitment. Opportunity cost refers to the cost of a chosen alternative in terms of the benefits forgone of the next best alternative. In other words, it is the cost of the best alternative that must be given up in order to pursue a certain action or decision (Fernando, 2023).

The opportunity cost of recruiting a new employee may represent the potential benefit that could have been gained if the resources used for the hiring process had instead been invested in improving existing employees or developing new projects.

It is very important to think not only about direct costs and benefits, but also about possible alternatives when making a decision. This helps make sure that the decision is the most cost-effective one and that resources are allocated in a productive way.

Consider in more detail what examples of decision making and opportunity cost in recruitment could be:

1. Hiring an internal candidate versus an external candidate: If a company decides to promote an internal candidate, the opportunity cost is the potential benefits that could have been gained by hiring an external candidate with different skills and experiences.
2. Hiring a full-time employee versus a freelance contractor: If a company decides to hire a full-time employee, the opportunity cost is the potential benefits of using a freelance contractor, such as lower cost, greater flexibility, and the ability to end the contract if the work is not up to standard.

3. Hiring a highly skilled employee versus a less skilled employee: If a company decides to hire a highly skilled employee, the opportunity cost is the lower salary that could have been paid to a less skilled employee.
4. Hiring a candidate from a different location: If a company decides to hire a candidate from a different location, the opportunity cost is the additional expenses such as relocation, housing, and transport.

Through these points it is possible to become more clearly aware of the process.

As an additional example below, I will provide information about the Ansoff Matrix that will be useful for this idea. The Ansoff Matrix is a tool used in managerial decision making for considering a company's growth strategy. I decided to highlight the 4 strategies that make up the Ansoff Matrix, as follows:

- Market Penetration: This strategy involves increasing sales and market share of existing products through promotions, advertising, and distribution.
- Market Development: This strategy involves expanding the market for existing products by entering new geographic markets or customer segments.
- Product Development: This strategy involves introducing new products into existing markets, with the focus on innovation and adding value to existing products.
- Diversification: This strategy involves entering new markets with new products, which is typically the riskiest of the four strategies.

Each of these strategies involves different levels of risk and reward, and the choice of strategy is a key decision for managers. The Ansoff Matrix provides a framework for analyzing the potential for product-market growth and making informed decisions about a company's growth trajectory. By considering all four strategies and the potential benefits and risks associated with them, managers can make an informed choice about which is the best course of action for the company (Agency, 2022).

2.1.3 Rational vs. intuitive approaches in managerial decision making

As with any decision-making process and existing approaches to tackle it, managerial decision making is no different. There are two main categories into which each decision-making process can be put: rational and intuitive approach.

Rational and intuitive decision-making represent two distinct strategies for decision-making, differing in their fundamental processes and reliance on specific types of information.

Rational decision-making is characterized by a systematic, deliberate, and logical process that involves conscious analysis and evaluation of available information. Individuals employing this method carefully assess all relevant information and possibilities, considering plausible costs and benefits before arriving at a decision.

In contrast, intuitive decision-making is a swift and automatic process rooted in unconscious knowledge, learned patterns and past experiences. Individuals utilizing this approach trust their gut feelings and instincts to guide their decisions.

While both approaches have their merits and drawbacks, combining them can enhance decision-making, leading to more well-informed and accurate outcomes. For example, intuition can offer valuable guidance, helping individuals navigate complex or uncertain situations by identifying pertinent information. Meanwhile, decisions made with help of rational approach are based on precise and comprehensive information, reflecting thorough consideration (Bensla, *The Ultimate Guide to Intuitive Decision Making for managers* 2023).

2.1.4 Levels of management

In each organization there are three main pillars of management, each of them having their own roles and responsibilities within the complex structure of a company. The levels are as follows:

1. Top level of management – managers with the highest proportion of decision power,
2. Middle level management – managers primarily responsible for team building and their wellbeing,
3. Lower level of management – managers who are often referred to as “first-line managers”, being responsible for direct contact with the workers.

It is also possible to visualize the three main pillars on a graph.

Figure 1: Levels of management (Source: Juneja, *MSG Management Study Guide*)



In corporate and multinational companies there can also be several sub-levels of middle management, which are referred to as senior and junior managers. It is clear that none of these three categories can be said to have more importance than the other, since all of these levels work together synchronically, and the companies which have the most well-balanced and effectively functioning structure are amongst the most successful and profitable companies in the world (Juneja, *MSG Management Study Guide*).

2.2 Recruitment process

In the realm of managerial decision-making, the recruitment process is a critical endeavor that demands meticulousness and precision. It involves a methodical and calculated approach to identifying and hiring the ideal candidate for a position. The process entails assessing the job's requirements and responsibilities, seeking out potential applicants, scrutinizing and shortlisting applications, conducting thorough interviews and evaluations, and finally, welcoming the chosen candidate to the team.

Effective decision-making during recruitment necessitates careful evaluation of all options, weighing the advantages and disadvantages of each alternative against the job's demands. The ultimate objective is to select the most qualified candidate who will not only fulfill the role's requirements but also contribute to the organization's success. At the same time, decision-makers must minimize the risk of making costly errors in selecting the wrong candidate, avoiding the opportunity cost that arises from a suboptimal decision.

In the context of the thesis on managerial decision-making, the recruitment process is a critical component that demands a methodical and deliberate approach. Through a meticulous analysis of job requirements and careful evaluation of available options,

managers can arrive at informed decisions and select the most suitable candidate, thus making a significant contribution to the company's overall prosperity.

2.2.1 Soft skills and hard skills

The recruitment process of managerial decision making considers both soft and hard skills when evaluating potential candidates. Soft skills refer to personal attributes such as communication, problem-solving, teamwork, and leadership, while hard skills refer to technical abilities and knowledge such as programming, data analysis, and project management.

In the recruitment process, managers must consider both soft and hard skills when evaluating candidates. Soft skills are important for building strong relationships, managing teams, and contributing to the company culture, while hard skills are necessary for performing the specific duties and responsibilities of the job.

It also involves analyzing the job requirements and responsibilities, sourcing potential candidates, screening and shortlisting applications, conducting interviews and assessments, and on-boarding the selected candidate. Throughout the process, managers must make informed decisions based on a thorough analysis of the job requirements and the potential benefits and risks of each alternative. The goal is to hire the best candidate who has both the technical abilities and the personal attributes necessary for success in the role, while minimizing the opportunity cost of hiring the wrong candidate. Among those skills the following ones can be specified, to name a few:

- Communication – with follow colleagues, higher management, subordinates, and clients
- Leadership – includes leading a team of employees, coaching skills, and being an innovative type of person
- Presentation – is related to public speaking, stress resistance, articulation, body language skills
- Management – ability to set clear aims for subordinates, delegation, conflict resolution skills
- Organizational – task prioritization, creation of order and structure, setting clear goals
- Planning – critical thinking and attention to details helps to handle workloads

- Adaptability – the skill of being flexible and being able to quickly change based on the new circumstances
- Creativity – enthusiasm, open-mindedness, and imagination help to find new ways to solve problems
- Teamwork – the ability to work together with others, being an active listener and being empathetic
- Time-management – is directly related to prioritization, multitasking and helps to meet deadlines

These skills are developed throughout a person's life, and it takes more time to improve them, than what is needed for mastering hard skills. Soft skills can be developed in everyday life by practicing and performing actions. For example, if a person needs to develop leadership skills, it might be beneficial to complete an on-line course, pass skill assessment tests, or attend a workshop, and then start to use the knowledge and experience gained in the workplace or in the personal life. Another example is the development of teamwork skills, which can be worked on with help of team activities, such as various kinds of sports, collaborative writing, contests, and volunteering. From the description above it is clear that the development of multifaceted soft skills requires a creative approach, since it is not a straightforward process.

Conversely, hard skills are those that are acquired through experience and practice. It's usually easier to get better at this type of skill because it's more specific, repetitive, and easier to apply. For instance, writing and designing a job advertisement is a hard skill, due to the fact that it is a specific skill, applicable only for this single task. The following examples also belong among hard skills: Microsoft office knowledge, web-design, foreign languages, driving license, C# programming language, insurance products certifications, quarterly employees' achievements report creation, copy writing. While soft skills more often refer to team leadership, communication, project planning and analytical skills. The hiring process requires particular sets of soft and hard skills, according to the vacancy. It is difficult to solve what type of skills is preferable and essential, since they are only helpful in combination with one another.

To develop this type of skills, it is generally enough to gain relevant education by, for instance, complete relevant courses, and then apply knowledge into practice (Long, 2022)

As an example of a managerial position, Project Manager vacancy requires all of the above mentioned skills, with agile methodology being one of the strategies to lead and manage a project (LMC s.r.o. | www.lmc.eu, 2023)

Agile methodology is primarily based upon dividing project development into multiple stages, and then planning, executing, and reviewing each stage, whilst constantly communicating the progress with team members and stakeholders, for the purpose of feedback (Wrike, 2022).

2.2.2 Creating a pool of candidates for a job vacancy

After selecting the characteristics and qualifications of the perfect worker, the open position is advertised in the media. Nowadays, job vacancies can be searched on the career portals on the web pages of companies, as well as on special job posting and job search sites, such as www.jobs.cz within the Czech republic, and www.glassdoor.com internationally. However, no less popular is social media, where the employee can directly reach the employer for example LinkedIn and Facebook. In addition to them, although to a smaller extent, vacancies may also be offered in the mass media, such as newspapers.

Creating a pool of candidates for a job vacancy involves several steps, including:

Job analysis and definition - in this stage, the job requirements and responsibilities are analyzed and defined, so that the recruitment process can be tailored to find the best candidate for the job.

Sourcing candidates - this stage involves identifying potential candidates through various means such as job postings, employee referrals, and professional networks. This may include online job boards, social media, and professional associations, as well as reaching out to recruiters and headhunting firms.

Screening and shortlisting - in this stage, the resumes and applications received are screened and reviewed, and the most promising candidates are selected for further consideration.

Interviewing - in this stage, the selected candidates are invited for face-to-face or virtual interviews, and their qualifications, skills, and experience are assessed in detail.

Assessment and selection - this stage involves using assessment tools such as psychometric tests, skills tests, or reference checks to evaluate the candidates' fit for the role. The best candidate is selected based on the results of the assessments and the interviews.

Throughout the recruitment process, managers must make several decisions, such as which sourcing methods to use, how to assess candidates, and which candidate to select. These decisions must be based on a thorough analysis of the job requirements and the potential benefits and risks of each alternative. Opportunity cost must also be considered, as the cost of hiring the wrong candidate can be significant in terms of time and resources. By creating a pool of well-qualified candidates, managers can make informed decisions and increase the chances of hiring the best candidate for the job.

2.2.3 Interview process

The second step involves applicants being evaluated in an interview by skilled recruiters, who focus not only on soft and hard skills, but also on whether or not the candidate is the right candidate for the company. Typically this is done by analyzing whether the values of the candidate and the company are similar, for example, if both parties equally value innovation, confidence, adaptability, or cooperation. Recruiters also look at how the company and the potential employee share similar long-term goals and visions for the future.

At the first interview, candidates are often given tests so that the employer can assess abilities and skills in certain fields, such as math, mindset, programming, and foreign languages. One example is Hewlett Packard Enterprise's mission statement, the idea of which is to empower people through technology and transform the world through the opportunities that technology can offer (HPE culture, Comparably 2015). Therefore, if the candidate also has faith in the idea, the chances of being selected are higher.

The second interview is normally the final round of the interview, during which HR representatives attend as well as the hiring manager. In this stage, managers primarily evaluate the candidate's "soft" skills and his or her potential to become part of the company. However, if several potential employees closely match the optimal description of the applicant formed at the very beginning of the recruiting process, a third, most often the final interview, may be held.

2.2.4 Candidate selection stage

In the final stage of the hiring process, candidate selection is crucial for managers to find the most suitable candidate for the position. This requires a comprehensive evaluation of each candidate's education, experience, skills, and personal qualities, as well as their cultural fit with the company and team. Managers must weigh the potential benefits and risks of each alternative and make an informed decision based on the best overall match for the position and the company's needs.

The candidate selection stage is a critical part of the hiring process, and managers must take the time to make a thoughtful decision. Choosing the right candidate can bring numerous benefits to the company, including improved work performance, higher productivity, and increased team morale. Conversely, selecting the wrong candidate can have significant negative consequences, such as decreased productivity, high turnover, and a negative impact on staff morale.

2.2.5 Recruitment process for the vacancy of insurance advisor in a domestic insurance company

The process of recruiting an insurance advisor for a domestic insurance company involves a series of steps aimed at identifying, attracting, assessing, and selecting the most suitable candidate for the role. These steps typically include conducting a job analysis and defining the requirements, sourcing potential candidates, screening and shortlisting, interviewing, and ultimately assessing and selecting the best fit for the position. Throughout the recruitment process, the company must make carefully considered decisions based on a thorough analysis of the job requirements, as well as the potential benefits and drawbacks of each candidate. The goal is to identify an insurance advisor who possesses the necessary skills, qualifications, and experience to excel in the role, while also being a good fit for the company's culture. By following a well-structured recruitment process, the company can increase the likelihood of hiring the most suitable candidate while minimizing the risk of making a poor hiring decision.

The recruitment process for the vacancy of an insurance advisor in a domestic insurance company would typically include the following steps:

1. Job analysis and definition: In this stage, the company would define the job requirements and responsibilities of an insurance advisor, including education, experience, and skills required.
2. Sourcing candidates: The company would then source potential candidates by posting job advertisements in relevant publications, online job boards, and professional networks. Employee referrals and headhunting firms may also be used to find suitable candidates.
3. Screening and shortlisting: In this stage, the company would review the resumes and applications received and select the most promising candidates for further consideration.
4. Interviewing: The selected candidates would then be invited for face-to-face or virtual interviews, where their qualifications, skills, and experience would be assessed in detail.
5. Assessment and selection: The company would then use assessment tools such as psychometric tests, skills tests, or reference checks to evaluate the candidates' fit for the role of an insurance advisor. Based on the results of the assessments and the interviews, the company would select the best candidate for the job.

Throughout the recruitment process for an insurance consultant position, the company is faced with various decisions to make, including which recruitment methods to utilize, how to assess candidates, and ultimately, which candidate to select for the job. These decisions require a meticulous analysis of the job requirements and a thorough consideration of the potential benefits and drawbacks of each option, as well as the opportunity cost of selecting the wrong candidate. By implementing a structured recruitment process, the company can enhance its likelihood of selecting the optimal candidate for the role of insurance consultant and decrease the risk of making an inappropriate hiring decision.

3. Literature review

By delving into the recommended literature in detail, I was able to conduct a comprehensive analysis of the decision-making process in organizations, gaining a deeper understanding of the different aspects of data analytics, decision-making models, and ethical considerations.

In summary, the analysis of "Business Analytics" by James R. Evans and "The Managerial Decision-Making Process" by South-Western College Publishing offers valuable insights into the decision-making process in organizations.

"Business Analytics" presents a detailed explanation of the different types of data that organizations can collect and how to manage and analyze that data effectively, with a focus on strategic and ethical considerations. The book's real-world examples and practical guidance make it an accessible and useful resource for managers, analysts, and students alike.

On the other hand, "The Managerial Decision-Making Process" provides an in-depth examination of the decision-making process in organizations, covering different decisionmaking models and techniques, risk and uncertainty management, and ethical considerations. The book's emphasis on the importance of ethical considerations in the decision-making process is particularly noteworthy.

Overall, both books complement each other, providing a comprehensive understanding of the decision-making process in organizations from different perspectives. As such, they are highly recommended resources for students and professionals seeking to develop their knowledge and skills in this area.

The analysis of "Business Analytics" and "The Managerial Decision-Making Process" has significantly deepened my understanding of the decision-making process in organizations by providing a comprehensive overview of the different aspects of data analytics and decision-making models, and offering practical guidance and real-world examples. These books have been invaluable resources in my research and have provided me with a solid foundation for developing effective decision-making strategies in the business context.

4. Practical part

The purpose of this practical part is to follow a standard personnel recruitment procedure step by step based on the requirement set by one of the branch managers of a domestic insurance company Generali Česká pojišťovna and to conduct a thorough analysis of CVs and profiles of prospective applicants.

The general aim of the practical part is to do the recruiter's job, which includes analyzing potential staff and comparing strengths and weaknesses, as well as ability and skills. The objective behind this analysis is to offer the most suitable applicant to facilitate the hiring process and to reduce the branch manager's workload.

This analysis I have done also involves using decision-making methods such as cost-benefit analysis, simple points method, weighted sums method, multi-criteria decision analysis and AHP method, to compare candidates with each other, considering relevant work experience, education level, language skills and aptitude, as well as soft and hard skills.

The practical part of this thesis is structured to provide a comprehensive analysis of the recruitment process for the position of an insurance advisor in a domestic insurance corporation. This will be achieved through the following steps:

1. A step-by-step implementation of the standard recruitment process as described in the theoretical part will be followed, with a thorough analysis of each stage as applied to the specific role. The aim is to identify the most effective strategies for identifying and selecting the best candidate.
2. The interview with the branch manager will be a critical component of the recruitment process, as it is crucial to clearly identify the company's needs and requirements for the role of an insurance advisor. The results of this interview will be described and analyzed in detail in the relevant chapter of the thesis.
3. After gathering resumes and profiles of potential candidates, their profiles will be presented in a table format, with a side-by-side comparison of each candidate. The analysis will consider various methods of decision-making, including a thorough evaluation of their skills, experience, and personal qualities.
4. The analysis will culminate in a recommendation of the most suitable candidate, based on their fit with the requirements and expectations of the branch manager. The

recommendation will be supported by a detailed analysis of each candidate's strengths and weaknesses, and the potential benefits and risks associated with each alternative.

By following this structured approach, the thesis aims to provide valuable insights into the recruitment process and help the company identify the best candidate for the role of an insurance advisor.

4.1 History of Generali Česká pojišťovna and the provided products

Briefly, I will pay attention to the history of Generali Česká pojišťovna, which was formed by the merger of two insurance companies in the Czech market in 2019, which were Generali pojišťovna and Česká pojišťovna. This is a joint-stock company with about 3,500 employees, headquartered in Prague, Czech Republic, and the current CEO is Roman Juráš.

Before the merger, the Czech part of the company was formed in the year 1827 and was government-owned, which changed in 1992 after the Velvet Revolution, as it became a private corporation. Generali was originally owned by Assicurazioni Generali and PPF Group, with market share of 51% and 49% respectively. To share additional statistics, Generali Česká manages over 7.5 million insurance contracts, some dating back to 1980s, has over 500 branches in the Czech republic, and owns approximately 26% of the market share (*O nás: Informace a historie: Generali česká pojišťovna, 2021*).

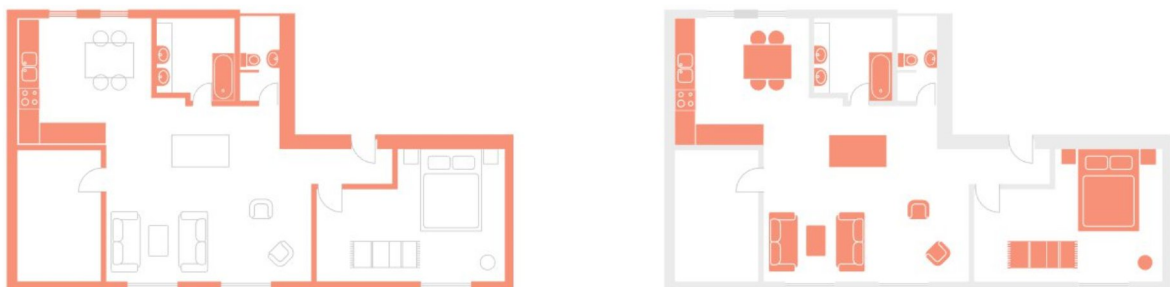
Generali Česká pojišťovna offers mainly insurance services; its main product areas include property insurance, which comprises home and household insurance, liability insurance, travel insurance, car insurance, life insurance of two kinds, risk and investment contracts, private pension funds, business and employee liability insurance and investment products, along with banking products, which are offered in partnership with Czech banks.

When considering property insurance, it is important to distinguish between two types of coverage: home insurance and household contents insurance. Home insurance protects the physical structure of the building, including walls, floors, ceilings, windows, and other important components. This type of insurance also covers any electrical appliances that are permanently installed in the building, such as boilers, radiators, and antennas. Household contents insurance, on the other hand, comprises the second part of property insurance and

covers all of the items within the home, including furniture, electronics such as televisions and speakers, computers and mobile phones, antiques, clothing, musical instruments, and more. It is crucial to have both types of coverage to ensure full protection of one's home and possessions.

The figure provided could indeed be a helpful visual aid to differentiate between home and household insurance. On the left, the figure could depict a building or structure with labels pointing to various components that are covered by home insurance, such as the walls, roof, and foundation. On the right, the figure could show household items, such as furniture, electronics, and personal belongings, with labels indicating coverage under household insurance. The analogy of a house being turned upside down and everything that falls being considered household items is a clever way to help people understand the difference between the two types of insurance.

Figure 2: Home and household insurance (Source: Pojištění Majetku a domácnosti: Generali česká pojišťovna, 2021)



Property insurance is designed to cover a range of risks that may damage or destroy a building and its contents. Among the most essential risks are natural disasters such as fire, lightning, explosion, and aircraft damage, which are commonly referred to as "FLEXA" risks, as well as earthquakes, smoke, and hurricanes. In addition to these risks, property insurance policies may also cover losses caused by floods, theft, electricity failure, vandalism, and other unforeseen events. For example, property insurance can cover damages caused by rain leaking into an apartment through an open window and damaging the walls, floors, and household equipment, or a hurricane wind tearing off the roof of a house. By providing coverage against these types of risks, property insurance can help protect property

owners from financial losses and provide peace of mind (*Pojištění Majetku a domácnosti: Generali česká pojišťovna, 2021*).

Liability insurance contracts are typically categorized into four main types. The first type is liability of a citizen, which covers insurance cases where a citizen causes harm or damage to a third party. This can include both property damage and bodily injury.

When it comes to liability insurance, there are two main types of damages that are covered: property damage and health harm. Property damage refers to any damage caused to property owned by a third party, ranging from small items like mobile phones and clothing to larger items such as home appliances or even parts of a building's construction. For example, a resident of an apartment building might accidentally flood their neighbor's apartment or push and break a TV in an electronics store. Health harm, on the other hand, refers to any accidental damage inflicted on a person's health. This could include injuries sustained in a variety of settings, such as a skier colliding with a snowboarder on the slopes, resulting in the snowboarder breaking an arm. By covering both property damage and health harm, liability insurance provides a valuable layer of protection for individuals who may find themselves on the hook for damages caused to others.

The second type of liability insurance is property ownership liability, which is only relevant for property owners. This type of insurance covers cases where the property itself damages the property of others. For example, if a tree falls from a property and damages a neighbor's fence or a roof, the property owner's liability insurance would cover the cost of repairs or replacement.

To better understand the classification of liability insurance contracts, consider this example. Suppose a homeowner goes on vacation, and during their absence, a tree in their garden falls due to a thunderstorm and damages their neighbor's fence. In this case, the homeowner is not directly responsible for the damage caused by the fallen tree, but they are still accountable for the upkeep of their property. This is where liability of property ownership insurance comes into play, as it provides coverage for such situations where a property owner's assets cause damage to someone else's property.

The third and fourth types of liability insurance contracts are related to work and cover entrepreneurship and employment. Similar to the previous types, they also cover property

damage, health harm, and financial losses of third parties. Entrepreneurship liability insurance covers the risks associated with owning and operating a business, including damage to a customer's property or injury to a customer. Employment liability insurance, on the other hand, covers the risks associated with employing individuals, including workplace injuries and discrimination lawsuits. In both cases, liability insurance can provide financial protection for the business or employer in the event of a lawsuit or claim made by a third party.

To further elaborate, entrepreneurship liability contracts are designed to cover the risks that arise from running a business. These risks can include damage to property, injury to customers or employees, and other unexpected events that could cause financial loss. For example, if a customer slips and falls in a store, resulting in injury, the entrepreneurship liability contract would cover the costs associated with the injury, including medical expenses and legal fees. Similarly, if a business's property is damaged by a natural disaster or vandalism, the contract would cover the cost of repairs or replacement.

One of the most important aspects of entrepreneurship liability insurance is that it protects both the business and its customers. By having this type of insurance in place, the business owner can focus on running their business without worrying about the potential financial impact of unexpected events. It also provides customers with peace of mind, knowing that they are protected in the event of an accident or injury.

In short, entrepreneurship liability contracts are a crucial component of any business's risk management strategy, providing protection and peace of mind for both the business owner and their customers.

However, the employee has a liability towards the employer, and employment insurance contracts cover such situations. If a situation arises due to an employee's fault that causes damage to the employer, which the employer must rectify, the employee can choose either to cover it out of his/her own funds or to take out an employment liability insurance policy. For example, people working in the insurance industry are obliged to have liability insurance because financial damages in the insurance industry can be very expensive and therefore difficult to cover by a single employee (*Pojištění odpovědnosti: Generali česká pojišťovna, 2021*).

Travel insurance is another insurance product of Generali Česká. This product is available in two types - single and annual travel insurance. Single trip insurance covers one trip anywhere in the world and the client is insured against risks such as health problems, which come in two types, illness and injury, rented possessions such as electronics and cars, and trip cancellation, which occurs either before the trip or during the trip. Trip cancellation insurance cover includes reimbursement of money paid for tickets, accommodation, car rental, excursions and other expenses. An example of an insured event is when a traveller becomes ill with Covid-19 disease and needs to be reimbursed for expenses (*Cestovní Pojištění online se slevou: Generali česká pojišťovna, 2021*).

The one essential insurance product for almost everyone is car insurance. Every car owner is required to have motor liability insurance. This insurance product is the same as the standard liability insurance described above, and comes into effect when the perpetrator of an accident has caused damage to a third party, which he or she is obliged to compensate. One example of an insured event is a car driver hitting a pedestrian crossing the road and the driver's obligation to pay for medical treatment costs (*Povinné Ručení Online Se Slevou: Generali česká pojišťovna, 2021*). If the car owner does not have liability insurance for even one day, a state authority called the Czech Insurance Office will issue a fine to the car owner, as this state authority strictly monitors all cars with Czech number plates. Although there is a second type of car insurance, the only difference is that it is not compulsory like the first type. This type of car insurance covers damage to the owner's car that the owner has caused him/herself, meaning without the involvement of third parties (*Havarijní pojištění on-line se slevou: Generali česká pojišťovna, 2021*). Since it is up to the driver to decide whether to repair the car or sell it, this insurance can only help the driver, because without it, the driver would still be able to pay for repairs to the car, only to do so with his or her own financial resources. An example of this would be if the driver hit a road guardrail or lost control of the car, drove off the road and damaged the car's wheels. In both cases, the insurance company will reimburse the car's repairs.

Investment-based health insurance contracts, on the other hand, are more focused on longterm health protection and savings. These contracts are usually provided by private insurers and involve regular premium payments, which accumulate over time to provide financial coverage for future health expenses. Investment-based health insurance contracts

may also include options for investment in various financial products, such as mutual funds, stocks or bonds. This type of contract can provide a long-term financial safety net for individuals who want to protect their health and savings simultaneously. However, the terms and conditions of these contracts can be complex and require careful consideration before entering into them. It is important to choose a reputable insurer and to read the contract terms and conditions carefully to ensure that the policy meets one's individual needs and financial goals.

Disability insurance is designed to provide financial assistance in case an individual is unable to work due to injury or illness, and is available as short-term or long-term policies. Short-term disability insurance typically provides coverage for a few months, while long-term disability insurance can provide coverage for several years or even until retirement age. Death insurance, also known as life insurance, is designed to provide financial assistance to the family or beneficiaries of the insured in the event of their death. The amount of coverage varies depending on the policy and can be chosen by the client.

Investment health insurance has the same coverage as risk-based health insurance, but additionally includes an investment component, which means that the client can invest in funds with different risk levels within the health insurance (*Životní pojištění Na Miru: Generali česká pojišťovna, 2023*).

The private pension funds are another insurance product that aims to help the client save for retirement. The public pension funds are provided automatically to employees, and entrepreneurs can decide whether or not they will use public pension funds (*S penzijkem Bude Váš Podzim života barevnější, 2021*).

The investment products are basically investments available to three types of investor approaches. The first approach is the conservative approach, which involves investing in funds with low risk and low returns, the second approach is the balanced approach, which includes funds with medium risk and returns, and the third approach is the dynamic approach, which is the riskiest and most profitable of all, as it has the highest interest rates (Generali Investments, 2021). Shortly, I have outlined the main points about the types of insurance needed to be known.

4.2 Analysis of the vacancy

The role of an insurance advisor is complex, requiring a deep understanding of each client's needs in order to offer them the best possible insurance product solution. Although the position is sales-oriented, it demands a unique set of skills and abilities. Insurance advisors must carefully navigate through an extensive range of company offerings, choosing the most appropriate options for their clients. This role is akin to running a business, demanding concentration, attention to detail, and exceptional communication abilities. Clients trust their advisors to safeguard their finances, health, and even their lives, making this position critical and rewarding.

For an overview of the necessary and preferred skills and abilities for the position of insurance advisor, the branch manager provided the following table:

Table 1: Qualifications for the vacancy

	Required qualifications	Preferred qualifications
Education	High school education	Bachelor's degree
Work experience in a similar position (insurance adviser, salesperson, financial adviser)	-	Min. 1 year of experience
Language skills	Czech language level of min. C1	Foreign language knowledge, e.g. English, Russian, German - B2
Technical skills	Microsoft Office, incl. professional knowledge of MS Excel, Microsoft Exchange	-
Driving license	-	Category B
Other skills & abilities	Highly developed	Coaching skills

	communication skills, customer service	
Completed trainings	-	Psychological and self-development trainings such as MBTI test

Source: Own processing.

As the position has only recently been advertised, the job description is not yet available, thus a similar position with a job description is presented instead (Mikešová, 2023).

Based on the required and preferred qualifications table, the branch manager selected 5 most important groups of qualifications, which are education, work experience, language skills, technical skills and other skills and abilities.

4.3 Interview with the branch manager

To enhance the understanding of the demands of the position and the branch manager's expectations and preferences, I conducted a personal interview with the branch manager of Generali Česká pojišťovna Olga Kuzmiščeva. The interview comprised of six open-ended questions that were aimed at eliciting comprehensive responses to provide us with valuable insights into the manager's perspective. The summary of the interview is presented below, outlining the salient points discussed during the interview. The key objective was to leverage the information I acquired to improve the understanding of the position and the branch manager's requirements and preferences.

1. What made you decide to hire insurance sales agents?

As a branch manager, my primary goal is to ensure the growth and success of the company that I work for. To achieve this, I believe that continuously seeking out opportunities for change is vital. While it's important to respect the experience and knowledge of the previous generation, sometimes, they may struggle to adapt to new technologies or trends, or they may make mistakes that can hinder the company's progress. That's why I believe that making strategic changes to the team is essential. My team comprises individuals with a wide range of ages, spanning from 20 to 58 years old. My staff member is 72 years old, but she has amazingly good results. While experience is valuable, it's also important to bring in young

and promising talent who are eager to contribute to the company's success. I believe that these individuals are motivated to succeed not just for the company, but also for themselves, which creates a mutually beneficial scenario for both parties. I am committed to building a team that embraces change, remains adaptable, and is driven to succeed. By focusing on these qualities, I am confident that we can achieve our business goals and continue to grow. At the same time, I am careful to consider the specific needs and challenges of the company and its clients, as well as the strengths and weaknesses of each team member. Ultimately, my goal is to make decisions that benefit the company, the team, and our clients, and to create a work environment that is collaborative, supportive, and effective. This is a fundamental part of managerial decision-making, and it's a responsibility that I take seriously.

2. Which candidate characteristics are more meaningful to you?

When I'm looking for new team members, there are a few key characteristics that I prioritize. Firstly, effective communication skills and flexibility are essential. In our line of work, we interact with a diverse range of people, so it's crucial that our team members can make people feel comfortable and at ease. Being able to adapt to different situations and personalities is also important. Another critical attribute that I value is purposefulness. I would like to see that candidates have clear goals and a vision for what they want to achieve as part of our team. Ambition is also important, as it serves as a driving force behind the process. However, it's not enough for candidates to be motivated and goal-oriented. They also need to be open to learning and growing. In the past, we've had employees who were unwilling to develop their skills further, and this ultimately led to their inability to continue working with the team. As such, I truly value people who are willing to learn and adapt, and who recognize that making mistakes is a natural part of the process. Of course, when mistakes do happen, it's important for us as a team members to be able to accept errors and learn from them. As a collaborative team, it's crucial for us to address mistakes in a constructive and supportive manner. So, I look for candidates who are open to feedback and who can work together with others in a positive and supportive way. All in all, these are some of the most meaningful candidate characteristics to me. By prioritizing these attributes, I can build a strong, motivated, and effective team.

3. What else are you looking out for?

Well, when considering a potential candidate for an insurance agent position, it's also important for me to evaluate a range of different qualities, including both hard and soft skills. Hard skills are specific technical or job-related abilities, while soft skills refer to personal qualities such as sociability, determination, and ambition. While hard skills are essential for an insurance agent to be able to perform their job duties effectively, soft skills are equally important in determining an agent's success and their ability to build strong relationships with clients. A sociable agent can create positive connections, determination can help them persist through challenges, and ambition can drive them to continuously improve and achieve their goals. I guess that's why it is crucial to consider both the hard skills and soft skills of a potential candidate when evaluating their fit for an insurance agent position. By doing so, we can ensure that we hire agents who not only have the necessary technical skills, but also possess the personal qualities that will enable them to excel in their roles and provide exceptional service to our clients.

4. How does the interview process work at your company?

The interview usually has 3 steps:

- 1) *Introduction*. Our interviewing process is structured around an 80/20 rule, where 80% of the time is devoted to listening to the candidate, while the remaining 20% is spent asking questions. During the interview, we focus on seemingly basic yet crucial aspects such as the candidate's social skills, level of friendliness, and general behavior. At the start of the meeting, we create a warm and welcoming atmosphere to help alleviate any potential nervousness or discomfort. As part of our evaluation, we also inquire about the candidate's educational background, placing a particular emphasis on higher education qualifications. Additionally, we pay close attention to any criminal records or debts, as we are under the regulatory scrutiny of the Czech Republic's central bank. Our meticulous approach to the interview process ensures that we identify the most suitable candidates who align with our company's values and meet our high standards.
- 2) *Careful selection process*. When a person progresses to the second stage of our recruitment process, it signals a significant level of interest in the position. At this point, we take the opportunity to share more detailed information about the work

processes, including aspects such as financial support, working conditions, educational opportunities, and other relevant provisions. We take great care to clarify every aspect of the position, including the finer details, such as the ability to travel for work trips or attend team training in other cities for several days or even a week. This thorough process is an essential part of our company's recruitment process, as it enables us to assess the capabilities of potential employees and ensure that we make informed decisions that align with our company's values and goals

3) *Final part.* The last stage of the interview process involves a unique game format with the company director and head of human resources, where the candidate is given various tasks, such as selling a balloon flight, and evaluated on their problem-solving abilities and communication skills in unfamiliar scenarios. We pay close attention to the candidate's behavior, actions, and presentation, while also discussing financial matters, testing their language proficiency, and gauging their aspirations and compatibility with our team. This innovative approach to the interview process allows us to better assess the candidate's suitability and make informed hiring decisions.

5. How challenging is it to make managerial decisions?

As a branch manager, I understand that making managerial decisions can be a challenging task. Every decision requires careful consideration of various factors, including the company's objectives, employees' needs, and customer expectations. However, with experience, good judgment, and effective communication and collaboration skills, these decisions can lead to positive outcomes and growth opportunities for the organization. One of the key factors that can contribute to the success of the company is creating a strong sense of team spirit and promoting a positive attitude among the staff. To achieve this, I believe in leading by example and fostering a culture of respect, trust, and open communication. I encourage my team members to speak up and express their ideas and concerns, which helps to create a positive work environment where everyone feels valued and appreciated. I also recognize the importance of empowering team members and recognizing their achievements. When employees feel empowered and valued, they are more likely to be motivated and committed to achieving the company's goals. Furthermore, by encouraging collaboration and innovation, we can create a cohesive and motivated team that is committed to achieving

our shared goals. By adopting this approach, we not only achieve our company's objectives but also create a positive and fulfilling work environment for our team members. Therefore, as a branch manager, I am committed to making managerial decisions that benefit the company and create a positive impact on our team members.

6. Why did you choose the insurance industry as a career path?

It's interesting how life can take unexpected turns. My entry into the insurance industry was quite unexpected, and it all started when my husband began a new business that dealt with insurance. As he embarked on this venture, I found myself becoming more and more interested in the industry, and I wanted to learn as much as I could about it. What really appealed to me about the insurance industry was the opportunity to build meaningful relationships with people. I've always been a people person, and I felt that this field would allow me to do just that. Additionally, I had some previous experience dealing with insurance matters in my family's former business. This gave me a certain level of confidence in my abilities and allowed me to make a meaningful contribution to the industry from the get-go. All in all, I chose the insurance industry as my career path because it combines my interests in business administration with a professional focus. I'm excited to see where this journey takes me, and I'm confident that I've made the right choice for myself.

The face-to-face meeting with the branch manager proved to be a valuable source of information, providing me with greater insights into the company's working process. This newfound knowledge proved to be immensely beneficial for writing the thesis on managerial decision-making.

4.4 Analysis of the vacancy: the AHP method

The Analytic Hierarchy Process (AHP) methodology was founded by Thomas L. Saaty in the 1970's, and became popular among management in the late 1990's and early 2000's. The AHP method can be useful in decision-making because it provides a structured and systematic approach to evaluating and comparing alternatives based on multiple criteria, which can be difficult to do intuitively. By breaking down a decision into its components, and comparing each component using a consistent and transparent process, the AHP can help decision-makers to clarify their thinking, identify trade-offs, and arrive at a more informed and objective decision. The AHP can be used in a wide range of applications,

including business, engineering, healthcare, and public policy, where complex decisions need to be made (*Passage Technology LLC, 2023*).

In order to broaden the details given in the table above, the branch manager prioritized the qualifications according to their priority by assigning criterion weights for each qualification. The table shows how the qualifications are compared to one another. To show how the priorities are assigned, a couple of examples might be useful. In the first row, education scored 3 above work experience, meaning that it is more important, and in the third row technical skills scored 3 above language skills, making them more valuable.

Table 2: Qualifications’ criteria weights

Qualification	Education	Work experience	Language skills	Technical skills	Other skills & abilities
Education	1	3	2	5	3
Work experience	1/3	1	4	2	2
Language skills	1/3	1/4	1	1/3	1/2
Technical skills & abilities	1/5	1/3	3	1	6
Other skills	1/3	1/2	2	1/6	1

Source: Own calculation.

The Approximate Eigen Vector method will be used for further calculation, and values are rounded to 2 decimal places. Excel functions such as Sum, Average, and basic mathematical operations were used heavily in all of the following calculations (*SpiceLogic Inc., 2022*).

At first it is needed to normalize each column, for the sum of each column to be 1. To do this, the sum of each column’s values is calculated, and after that each cell value is divided by that sum.

Table 3: First step in normalization of criteria weights

Qualification	Education	Work experience	Language skills	Technical skills	Other skills & abilities
Education	1	3	2	5	3
Work experience	1/3	1	4	2	2
Language skills	1/3	1/4	1	1/3	1/2
Technical skills & abilities	1/5	1/3	3	1	6
Other skills	1/3	1/2	2	1/6	1
Sum	2.19	5.08	12	8.5	12.5

Source: Own calculation.

Each cell value is then divided by the sum of the columns. Values are rounded to 6 decimal places. The sums were calculated in Excel with the help of function “Sum” due to time saving reason. After normalization, the sum of each column is 1.

Table 4: Second step in normalization of criteria weights

Qualification	Education	Work experience	Language skills	Technical skills	Other skills & abilities
Education	$1/2.19=0.456$ 621	$3/2.19=0.590$ 551	$2/2.19=0.166$ 666	$5/2.19=0.588$ 235	$3/2.19=0.166$ 24
Work experience	0.150684	0.196850	0.333333	0.235294	0.16
Language skills	0.150684	0.049212	0.083333	0.038823	0.04
Technical skills & abilities	0.091324	0.06496	0.25	0.117647	0.48
Other skills	0.150684	0.098425	0.166666	0.02	0.08
Sum	1	1	1	1	1

Source: Own calculation.

Arithmetic mean of each row is then needed to be calculated, which will make the final priorities for each row.

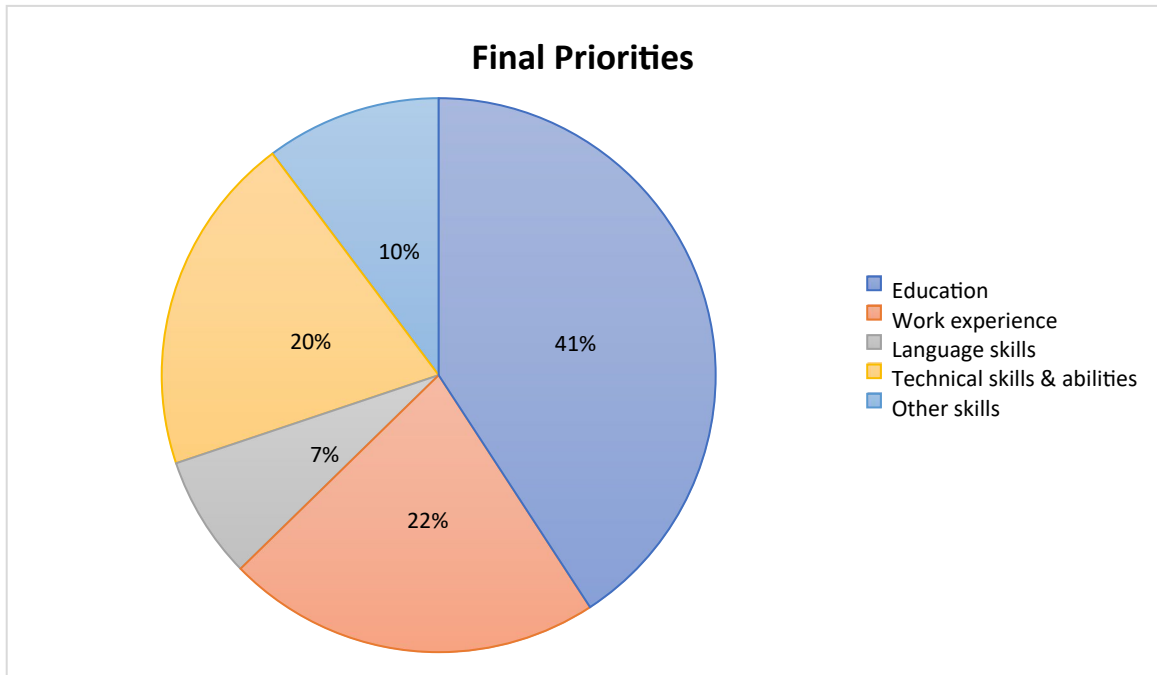
Table 5: Final priorities

Qualification	Education	Work experience	Language skills	Technical skills	Other skills & abilities	Final priorities (Weighted scores)
Education	0.132802	0.066138	0.052632	0.714286	0.193548	0.408414829
Work experience	0.531209	0.264550	0.315789	0.071429	0.322581	0.215232555
Language skills	0.265604	0.088183	0.105263	0.047619	0.032258	0.072410879
Technical skills & abilities	0.026560	0.529101	0.315789	0.142857	0.387097	0.200786378
Other skills	0.044267	0.052910	0.210526	0.023809	0.064516	0.103155359

Source: Own calculation.

The priorities for each criteria are represented graphically in the pie chart below. Education qualification has the highest priority.

Figure 3: Final priorities for qualifications



Source: Own processing.

4.5 Candidate evaluation

4.5.1 The AHP methodology

Branch manager has selected 5 candidates with the most outstanding resumes. Due to the GDPR laws, the candidates would be referred to as Candidate 1-5. Candidates' profiles are presented below. The principle of candidate selected would be same as above for the AHP method. The numbers will be rounded to 3 decimal places for the ease of calculation.

Table 6: Candidates' criteria weights with final priorities

Education	Candidate 1	Candidate 2	Candidate 3	Candidate 4	Candidate 5	Final priorities (Weighted scores)
Candidate 1	1	0.5	5	3	0.5	0.201

Candidate 2	2	1	7	3	2	0.372
Candidate 3	0.2	0.14	1	0.25	0.2	0.042
Candidate 4	0.33	0.33	4	1	0.25	0.105
Candidate 5	2	0.5	5	4	1	0.280
Sum	5.53	2.47	22	11.25	3.95	

Source: Own calculation.

The results of education comparison is that the 2nd candidate is the most suitable one. The same principle will be applied to other qualifications of the insurance advisor vacancy, and the result will be presented in the final table. Overall score will be calculated by multiplying each candidate's weighted score and the qualifications' weighted scores, and then finding sums of each row.

Table 7: Overall scores of candidates

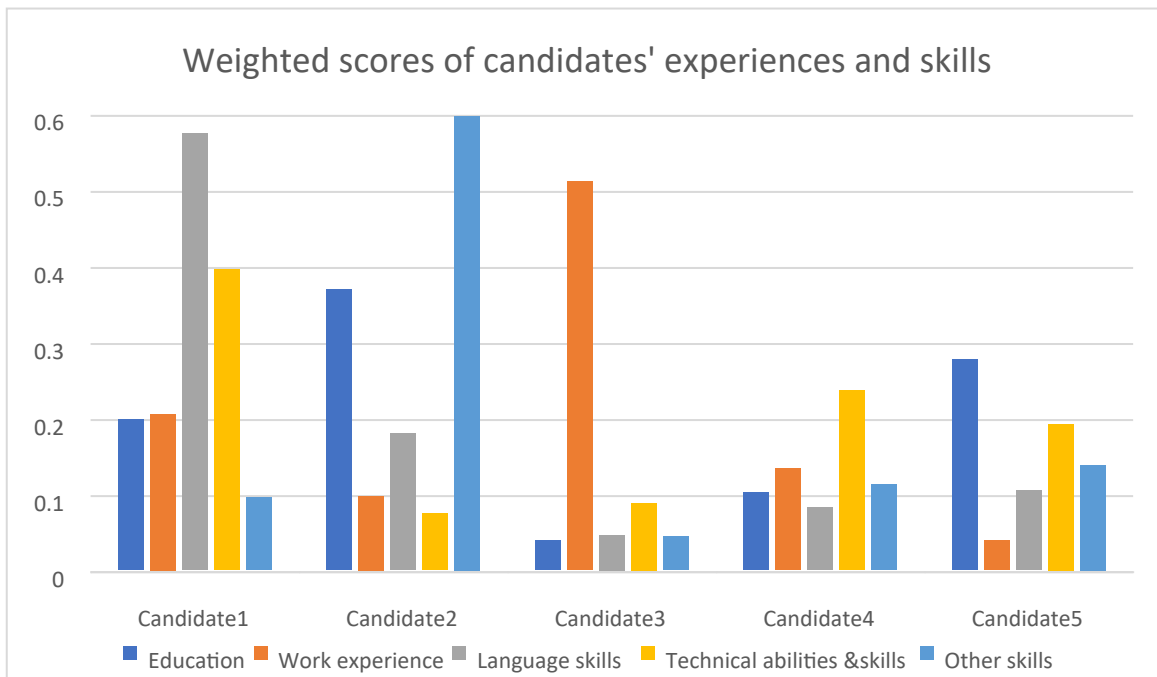
Evaluation	Education (0.408)	Work experience (0.215)	Language skills (0.072)	Technical abilities & skills (0.201)	Other skills (0.103)	Overall scores
Candidate 1	0.201	0.208	0.577	0.398	0.098	0.258364
Candidate 2	0.372	0.1	0.182	0.077	0.6	0.263657
Candidate 3	0.042	0.514	0.049	0.091	0.047	0.154306

Candidate 4	0.105	0.136	0.085	0.239	0.115	0.138084
Candidate 5	0.28	0.042	0.107	0.195	0.141	0.184692

Source: Own calculation.

Based on the overall scores, calculated with the help of the AHP method, candidate 2 is the most suitable for the vacancy of insurance advisor. The scores reached by each candidate in all of the 5 qualifications are also represented visually in the graph below.

Figure 4: Weighted scores of candidates' experiences and skills



Source: Own processing.

4.5.2 The Simple scoring method

The simple scoring method is a practical way to assess and prioritize available options. It begins by assigning an importance weight to each criterion, representing the importance score of each single option relative to the others. Then, each option is assigned points based on its importance score, resulting in a weighted score for each option. Finally, the weighted scores are compared, and the option with the highest score is chosen

(Pennsylvania State University, 2006).

In the context of the position of insurance adviser, the table below displays the importance weight for each criterion, with a weight of 5 being the most highly valued.

Table 8: Importance weights allocation

Criteria	Importance weight
Education	5
Work experience	2
Language skills	3
Technical skills & abilities	1
Other skills	4

Source: Own processing.

In order to evaluate the candidates for the position of insurance advisor, the branch manager has developed a table to represent the weighted scores of the first candidate in relation to the required criteria. This table is meant to provide a detailed example of how the scoring system works, with the candidate's scores being multiplied by the importance weight for each criterion. The scores for the remaining candidates will be summarized in a final table. This approach helps the manager to evaluate each candidate's qualifications and determine who is the best fit for the position based on their skills and abilities.

Table 9: Evaluation of candidate 1

	Criteria	Importance weight	Score	Weighted score
Candidate 1	Education	5	3	15
	Work experience	2	4	8
	Language skills	3	5	15
	Technical skills & abilities	1	5	5
	Other skills	4	3	12
Sum				55

Source: Own calculation.

After adding up the scores for each candidate and comparing them in the provided table, it was determined that candidate 2 scored the highest and therefore is deemed the most suitable candidate for the position of insurance adviser.

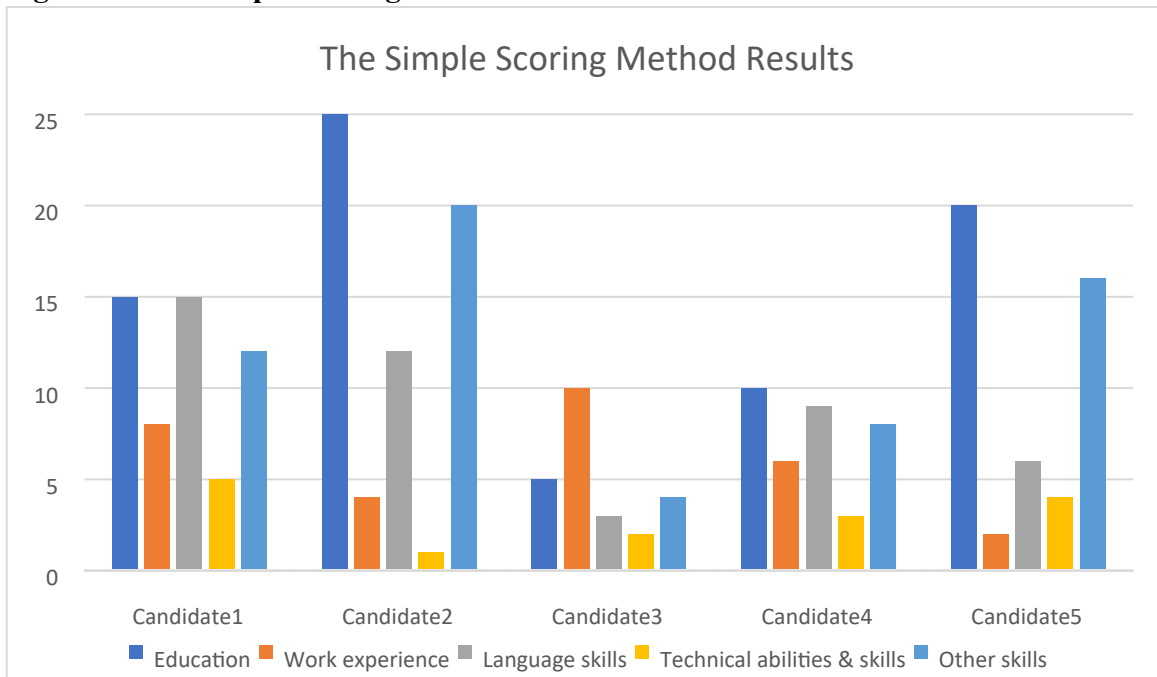
Table 10: Comparison of candidates' scores

	<u>Candidate</u> 1	<u>Candidate</u> 2	<u>Candidate</u> 3	<u>Candidate</u> 4	<u>Candidate</u> 5
Education	15	25	5	10	20
Work experience	8	4	10	6	2
Language skills	15	12	3	9	6
Technical skills & abilities	5	1	2	3	4
Other skills	12	20	4	8	16
Sum (weighted score)	55	62	24	36	48

Source: Own calculation.

The chart below shows the scores of all candidates in relation to each criterion.

Figure 5: The Simple scoring method results



Source: Own processing.

4.6 Comparison of the AHP method and the Simple scoring method

The Analytic Hierarchy Process (AHP) method and the simple scoring method are two decision-making techniques that can be used to evaluate potential diploma thesis topics related to managerial decision making. The AHP method involves a more complex process of comparing and ranking criteria, whereas the simple scoring method involves assigning scores to each criterion based on their relative importance. While the AHP method can provide a more rigorous and comprehensive analysis, the simple scoring method may be more straightforward and easier to implement, depending on the specific needs and resources of the decision-makers. Ultimately, the choice between these two methods will depend on the specific context and goals of the decision-making process.

To compare the results of the analysis above, the final results of both methods are the same, which works as proof for the results' correctness. The major difference between them is the accuracy of the results, which is visually represented in the charts above. The criteria, where the scores of candidates differ a lot, stay same or similar, and they do not have a significant impact on the weighted criteria scores. On the other hand, the criteria scores which do not

differ by much for candidates are switched. An example is Technical abilities and skills criterion, which scores higher in the AHP method calculation for candidate 4, and lower for candidate 5. In the Simple scoring method calculation candidate 5 has a higher score than candidate 4. This difference has negligible effect on the final results of the analysis, though it clearly shows the superiority of mathematical calculations' accuracy, in comparison with human decision-making prioritization. Nevertheless, if an analysis has a great deal of parameters and characteristics to take into account, and the difference between multiple options is not that significant, lack of accuracy can lead to less efficient decision being made, which in turn would have negative impact on the whole organization.

To conclude, both methodologies are highly valuable for the decision-making processes, the most important question to answer is to which degree of accuracy the results must be gained.

5. Conclusion

In conclusion, my thesis on managerial decision-making has highlighted the significance of precise and careful approaches to the recruitment process, as any neglect or oversight can result in significant failures instead of success. The recruitment process comprises several steps, such as job analysis, sourcing, screening, interviewing, selection, and onboarding, all of which must be executed meticulously to guarantee the selection of the right candidate for the job. The thesis proposes a structured approach to the recruitment process that can be applied to any role, while also considering the complexity and demand of the position.

Moreover, the insurance industry is a vital and rapidly growing industry that covers various aspects, including property, health, and life insurance, making it a valuable asset for the well-being of society. The recent COVID-19 pandemic has demonstrated the insurance industry's importance, providing financial assistance during a crisis while other sectors suffered significant losses.

In terms of methodology, the practical part of the thesis utilized mathematical calculations, but there are other methodologies available, ranging from preference-based to heavily relying on mathematical approaches. The key is to select the appropriate methodology based on the specific requirements of each situation to achieve optimal outcomes.

The thesis on managerial decision-making concludes by emphasizing the importance of conducting the recruitment process with meticulousness and prudence to avoid contradictions and maintain consistency to achieve success. The proposed structured approach can be applied to any position, considering the intricacies and demands of the role. The growth and resilience of the insurance industry despite uncertain economic and political scenarios are evident, making it a valuable industry. Finally, the thesis underscores the need to choose the appropriate methodology based on the specific requirements of each situation to ensure optimal outcomes in managerial decision-making tasks.

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Appendix 1: Questions asked by the author

Main concept	Questions
Requirements and preferences for potential candidates	<ol style="list-style-type: none"> 1. What made you decide to hire insurance salesagents? 2. Which candidate characteristics are more meaningful to you? 3. What else are you looking out for?
Interview process and personal approach	<ol style="list-style-type: none"> 4. How does the interview process work at your company? 5. How challenging is it to make managerial decisions? 6. Why did you choose the insurance industry as a career path?