

Strategic Decision Making

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Type of Decisions in Organizations

- **Strategic Decisions:** It is the process of making a decision based on long-term goals and a longer term vision.
- **Tactical Decisions:** It is the process of making a decision based on short-term goals and focusing on immediate solutions.
- **Operational Decisions:** Day to day decisions which are simple and routine matters.



Issues in Strategic Decision Making

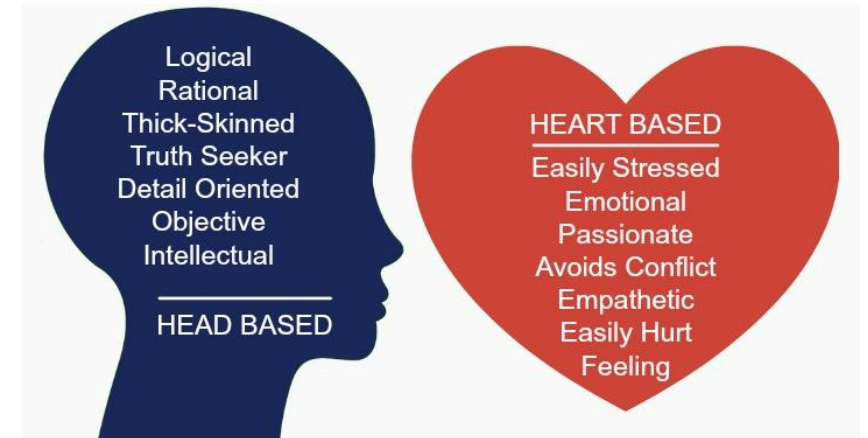
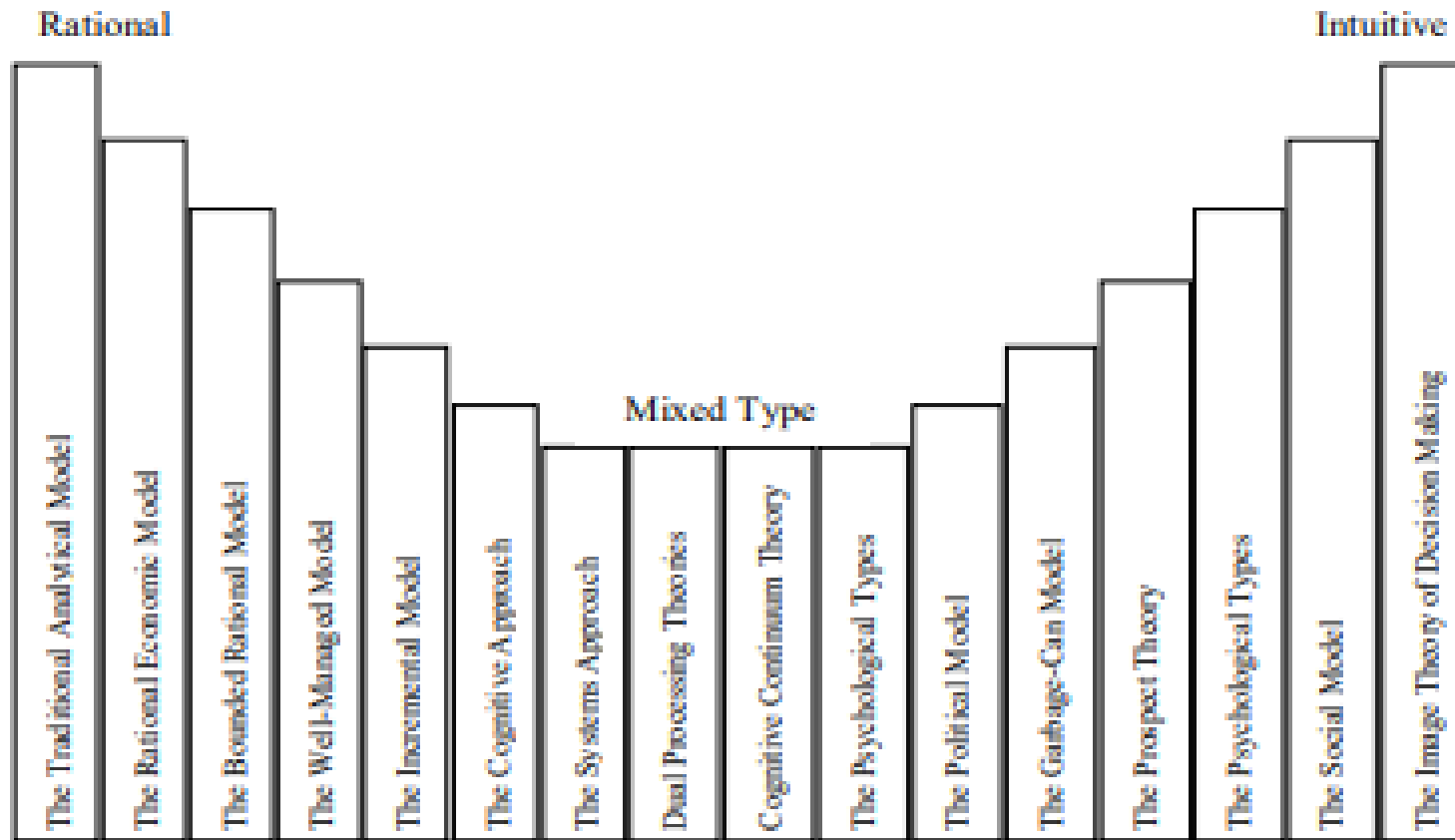
- **Criteria for Decision Making:** Making decision on the basis of highest set points (maximization) or realistic points (satisfying)
- **Rationality in Decision Making:** Decision should be **rational, intuitive or combination of the both?** (see page 3)
- **Creativity in in Decision Making:** Decisions should be new / out of box or based on SOPs and rulebook.
- **Variability in in Decision Making:** Decisions should be situations specific and general applying across situation.
- **Individual Factors in Decision Making:** Gender, age, education, experience, intelligence, cognitive styles, **risk management styles** of decision maker.
- **Group Related Factors in Decision Making:** Decision acceptance, support, resistance, and quality is greatly dependent on all levels of management not only strategic management.



Rationality in Decision Making

Figure 1.

Theories of organizational decision making based on rationality, intuition and mixed type i.e. rationality and intuition

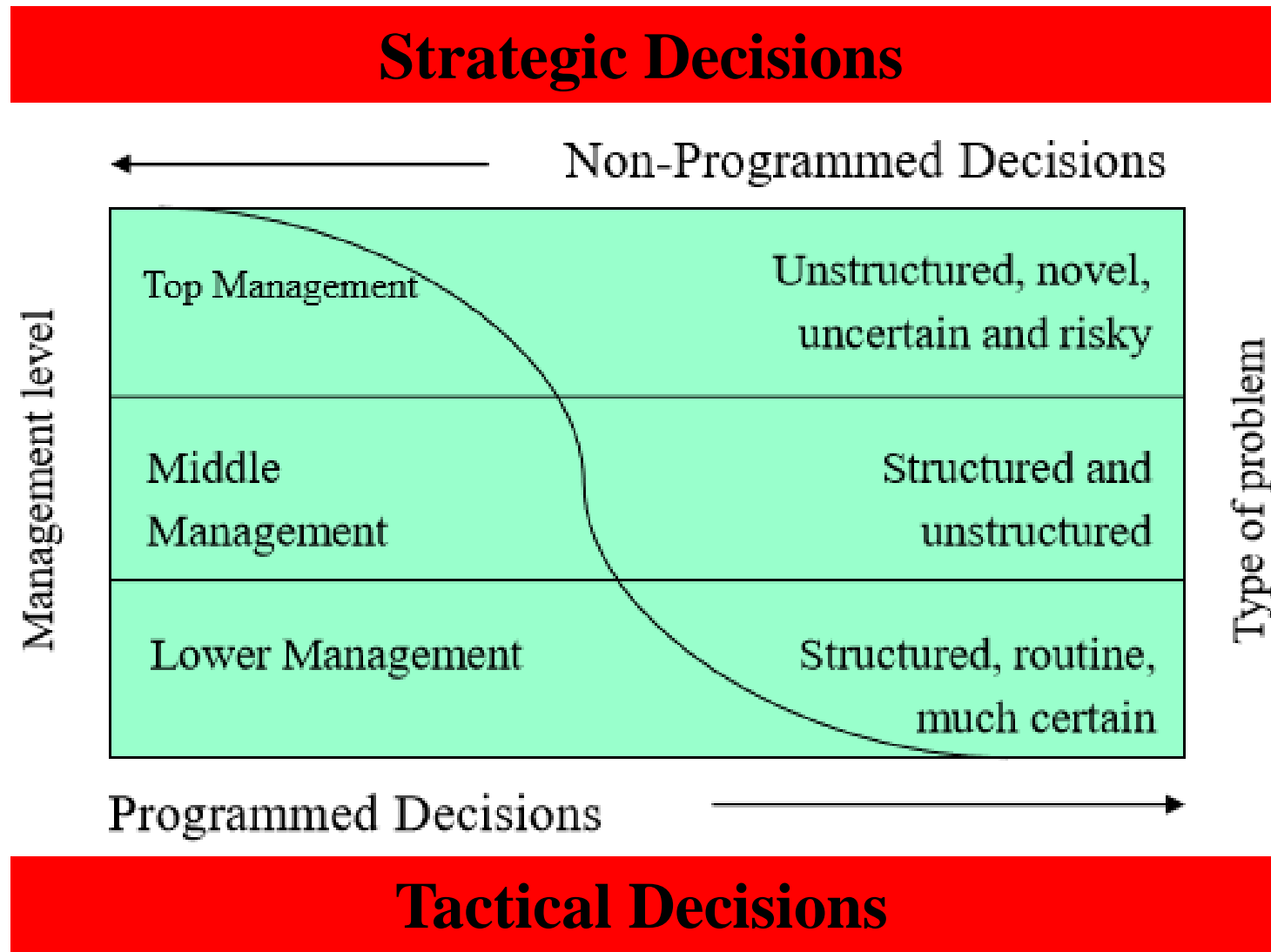


Risk Management Styles in Decision Making

- SARA Model:
 - Risk Sharing
 - Risk Avoidance
 - Risk Retention
 - Risk Acceptance
- A-CAT Model:
 - Risk Acceptance
 - Risk Control
 - Risk Avoidance
 - Risk Transfer



Type of Decisions in Strategic vs. Tactical Decisions



Strategic Decision Making Process

- Initially the decision makers identify a problem addressed through decision making
- The available information related to that decision is collected and analyzed
- The all possible alternatives are identified
- The most suitable course of action among the available alternatives is selected
- The selected option is implemented.
- The decision is continuously monitored for its effectiveness, or a re-decision is made.



Many Thanks