

A Strategic Approach to Decision Making



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INTRODUCTION

Over the past decade, a wealth of research and literature on decision-making has emerged as an area of interest (Dean & Sharfman, 1996; Hang & Wang, 2012; Kandemir & Acur, 2012; Papadakis, Lioukas, & Chambers, 1998). In fact, many organizations have begun to utilize a more multi-dimensional team approach to effective strategic decision-making (Chou, Lin, Chou, 2012), recognizing the significance of collaboration in this process (Dooley & Fryxell, 1999). Furthermore, organizations often pride themselves with building smart and progressive workforces, by recruiting the best and brightest minds, in hopes of producing positive results. However, intelligence does not always guarantee proper decision-making. How leaders make decisions can significantly impact the trajectory of an organization, due to the fact that individual decisions often varied and are interconnected to an array of organizational factors, which have the ability to influence outcomes. Cultivating a culture of strategic decision-making is paramount if the goal of an organization is sustainability and continuous improvement.

Given the ever-increasing growth, complexity, and volatility of work environments, leaders must now challenge the way they think (Hiller, Day, & Vance, 2006). This requires a more strategic approach to decision-making. Strategic thinkers invariably look beyond the simplistic decision-making process of “yes/no” decision sets, and delve deeper for answers, by taking a very deliberate, methodical, and robust approach (Schoemaker, Krupp, & Howland, 2013). Strategic decision-making sets the stage for strategic leaders to embrace the practice of implementing a targeted and multidimensional approach to problem solving. Given this, a strategic leader must be informed and enter decisions with an open mind, while ultimately keeping the best interest of the organization at the forefront of the process. This chapter will seek to provide the reader with information related to importance of strategic decision making in building sustainable organizations, as well as its inherent influence on strategic leadership.

BACKGROUND

Strategic Decision Making

Decision-making manifests itself in a variety of ways in all organizations (Bowen & Bowen, 2016). In fact, its importance to the overall operation within a business has been well documented in the literature (Hoy & Tarter, 2010). Strategic decisions among top leadership is said to influence organizational performance (Hurt & Abebe, 2015). According to Surma (2010), “Strategic decisions relate to actions with long-term consequences which help build competitive advantage on the market, successfully exploit the company’s primary resources and capabilities and are internally coherent” (p. 1015). In essence, high-level organizational leaders who have the authority to set or direct change are often the facilitators of strategic decision-making. In many cases, these decisions influence organizations on many different

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levels (Mitchell, Shepherd, & Sharfman, 2011). Leaders often find themselves faced with critical decisions that have long-term implications on their organization (Daft & Marcic, 2011).

The process of strategic decision-making requires a holistic approach to thinking, which includes, viewing problems from a “big picture” perspective, and understanding all of the pieces to the puzzle, before making a final determination (Batra, Kaushik, & Kalia, 2010). This approach to strategic decision-making assists leaders in avoiding any “hidden traps”, which are often biased by our individual thoughts and perspectives (Hammond, Keeney, & Howard, 2006).

STRATEGIC IMPLICATIONS OF DECISION MAKING

According to Kurtuhuz, Vasilescu, Lupu, Lupu, Rau, and Kurtuhuz (2011), leading and decision making go hand-in-hand. Decision-making is often met with uncertainty in both private businesses and public agencies (Borrison & Hamm, 2010). Given this, taking a strategic approach requires a strategic leader with the ability to be flexible and intentional in problem solving. These characteristics are important in that strategic decision-making is significant to building a more calibrated work environment.

Literature suggests that although people are rational, chance can often impact decision-making (Eisenhardt & Zbaracki, 1992). Introducing an excessive amount of chance into an organization can yield dire consequences if not properly managed. Based on this, it is important to note that decisions should not be made haphazardly and in most cases they do not follow a pre-cut design (Shepherd & Rudd, 2014). Moreover, the need to engage in the decision making process typically arises due to the unique issues that manifest themselves as a result of some phenomena within an organization. With this said, allowances must be made to account for the fluid nature of strategic decision-making. In doing this, a strategic leader must not only consider the issue as a linear correlate, but also in terms of those interconnected factors that may be impacted as a result of the decision being made.

Considerations in Strategic Decision Making

When it comes to approaching important organizational issues, strategic leaders must not proceed without careful thought and consideration. Before executing a decision, strategic leaders often complete a careful evaluation of the issues they face (Hammond, Keeney, & Howard, 2006). This is important because all decisions aren’t linear, and many require reflection, engagement, and consideration of any related internal and external factors. Based on this, it is important to consider the following when it comes to decision-making:

- Stakeholders.
- Personal biases.
- Long term or Short term Impact.
- Contradictions to Previous Decisions.
- Collaborative Nature of the Decision.

It is often stated, that quality decision-making entails considering all relevant information. This empowers leaders to be more informed before moving forward with a critical decision (Balaz, Bacova, & Skriniar, 2014). Allowing time for proper consideration is foundational to strategic decision-making, and adds fidelity to the process. Failure to seek and consider pertinent information in strategic decision-making can compromise organizational outcomes (Bazerman & Chugh, 2006).

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