Principles and Essentials of Strategic Decisions

Fatemeh Irani Kermani[1], Sina Zeynali[2], Seyed Sadegh Alavi[1]

[1] Economics Department, Shahid Bahonar University of Kerman, Iran; [2] Department of Management, Shahid Bahonar University, Kerman, Iran

Abstract

Decision making is one of the processes which managers are constantly dealing with. Inseparability of management from decision making is to the extent that both issues are known as each other's synonym. In the matter of decision making, the important point is that most managers are unable to analyze their decisions and consider it as a static and not a dynamic activity. Considering this and given the importance and role of strategic decisions in an organization's success or failure, in this study, first we are going to explain the concept of decision making and its characteristics, thoughts and opinions about it, and then to study the principles and essentials of strategic decision making and general aspects of the views stated in this regard.

Keywords: Strategic decision making, Characteristics of strategic decisions, Aspects of strategic decisions

Introduction

Ralph Kenney winner of the American Book of the Year in 1994, states about the decision making analysis as follows: In today's complicated world which is known as the era of rapid changes and uncertainty, two kinds of knowledge are of key importance. First, the knowledge of future studies which is interpreted as destination knowledge and second the knowledge of decision making which deals with sensitive issues of navigation and its derivatives (Ahmadi, 2003).

It is more than two hundred years, that many economists have accepted the definition of Adam Smith, Scottish economist, about decision maker as «economic man". This decision maker is one who finds all the information regarding possible solutions and designs the best to reach the specific goal. The selected solution is the option that maximizes profitability or other values.

The Prominent Nobel Prize was dedicated to «Herbert Simon» due to his comprehensive investigation in the context of how managers behave. The results of this research were that managers are not precisely the same as the concept of «economic man» put forward by Adam Smith. In many cases, managers are forced to make decisions with incomplete information and can rarely verify all possible solutions of the problem. However, the wisest choice is to examine some solutions that seem to be more appropriate to resolve the problem (Alvani, 2009).

Most unplanned decisions include several variables that each of them should be fully investigated. Today's managers try to satisfy rather than to "maximize" according to Simon's theory. Managers prefer to study some suitable solutions and choose the best among them, instead of devoting the necessary time to examine all the possible solutions. Managers due to constraints in dealing with the crisis, act according to what Simon calls "limited rational method". Such constraints include personal limitations that resulted from the degree of director's knowledge about all solutions and also factors such as policies, prices and technology which could not be changed by decision makers. Consequently, managers rarely follow the optimal solution and prefer to reach a satisfactory solution (Ebrahimi nejhad, 2002).

Simon, in his theory, presents a realistic image of today's managers who face with both internal and external constraints. Internal constraints include intellectual ability, knowledge, awareness, education, experience, personality development, attitudes and personal motivations. External con-

Corresponding author: Fatemeh Irani Kermani, Economics Department, Shahid Bahonar University of Kerman, Iran. E-mail: f_iranikermani@yahoo.com

straints include external influence of individuals and groups outside of the organization. While Simon's theory does not mean that managers do not make any attempt for making effective decisions, emphasis on this point those decision-makers often pays attention to the quality of the decision and the balance between the cost and time of decision making (Alvani, 2009).

Theoretical bases

Decision making

Many and various definitions for decision making have been presented. But perhaps a simple definition of decision making would be; «selection of a solution among different solutions» (Hazer, 1993).

By "selection" in decision making we mean a set of the person's activities that led to the selection of one alternative among a set of alternatives (Kenney, 2002).

Every decision has some specifications, which we refer to them in this section.

A) Orderliness: it is important to recognize that most decisions are not isolated, unrelated events and without any record. Some decisions are made instantaneously. This aspect of decision making makes its chain records hidden from academic people. Seldom can it be said that important business decisions have adopted in this way. Decisions are usually the consequence of a long series of discussions by line and staff people, after collecting information from them.

B) The decision making process is a very complex procedure: Decisions at the lower strata of management hierarchy can be to some rational extent, simple, but at higher levels, decisions are more complicated. Decision making process, at least, is composed of complex relationships among professionals, job responsibilities, communication and information systems, norms, and values.

C) Personal values are involved in making decisions: The way the people think, information systems, and similar factors influence on decision making. Therefore, decision-making process is flexible and different in various companies and even in the departments of the same company.

D) Decisions are made in an institutional environment: Each organization is composed of a set of institutional arrangements which formed within it. In this environment, there are cognitive limitations, implicit guidance, known limitations, and motivation for decision making (Hazer, 1993).

Classification of Various Decisions

Decisions can be divided into several classes, which in this section we mention some of these classifications.

A) Classification based on the organizational hierarchy or organizational level: 1) Strategic, 2) Tactical, 3) Operational

- Strategic decisions: Strategic decisions are taken at higher levels of the organization. They are comprehensive and have long-term effects and foresight is clearly seen in these decisions, and do not have specific structure or framework.
- Tactical decisions: The decisions are taken at middle levels and middle men managers in the organizational hierarchy and these managers are interfaces between high-level and operational levels of the organization.
- Operational decisions: These decisions are taken at the operational levels of the organization and by the operational managers and are short-term.

Some of decision making theorists believe that the nature of decisions of management in the lower level and middle level is the same and like the lower level decisions. They believe that operational management and middle men management are involved in technical and operational decisions. The decisions of senior management are the toughest kind of decisions, because the decision does not have a clear framework (Ahmadi, 2003).

A) Classification based on planning: 1) planned decisions, 2) unplanned decisions

- Planned decisions: These decisions are made based on law, procedure and practice and are used for simple and complex tasks. These decisions were repetitive and are conducted at operational and supervisory levels.
- Unplanned decisions: These decisions deal with unusual and unique issues and are made usually by higher levels of management. Strategic decisions are part of this kind of decision.

The higher each individual goes in the organizational hierarchy, more important will be the ability to make unplanned decisions, because most decisions which should be made are not planned (Kenney, 2002).

A) Classification based on the stages: 1) Single-stage decisions, 2) multi-stage decisions

- Single stage decisions: In these decisions, only one step is taken into consideration and decision maker does not consider other steps of the decision in the process of deciding. These decisions are made instantaneously.

- Multi-stage decisions (decision tree): They are kind of decisions that from decision makers' point of view and measures are focused on stages and cognitive consequences of the made decisions. The purpose of these decisions is not only the results of one phase, but the general and long-term results are taken into consideration. And strategic decisions can be regarded as of the multi-stage decisions.

A) Classification based on circumstances: (In this category the circumstances of decision making are estimated according to the available information) 1) Making decisions under certainty, 2) Decision making under risk and, 3) Making decisions under uncertainty (Ebrahimi nejhad, 2002).

- Making decisions under certainty: It is the simplest kind of decision because all of the necessary information for decision making is at hand. Certainty situation is developed when a manager could determine all of the accessible solutions and define all of the results from those solutions. For example, financial director of a business firm states that there will be 50 million Rails surplus cash available for the next six months. Various kinds of investments could be evaluated on the basis of the interests of each investment. A decision maker who chooses a commercial bank with 14 % yearly guaranteed profit on deposits is assured that this investment will produce 200 thousand Rials in the next six months. As the deposit has been guaranteed, the initial 50 million Rials investment after the expiration of the term will be certainly accessible.
- Risk decision making: In this situation, the decision maker faces only with probabilities related to each one of accessible solutions. Most of the decision making situation which manager faces with are risky. In these circumstances, complete information about intended solutions for achieving results is better and more practical. For example, oil and gas companies in the world cannot be certain about the existence of gas or oil in a well. However, geological data and past experience of digging thousands of wells allows them to judge their likely success. Similarly a life insurance company cannot predict whether a 30 years insured person dies or not during the first year of insurance. However, data on Mortality in this age group permits them to estimate the possibility of death of thirty years people within one year and to determine the amount of the premium accordingly.
- Making decisions under uncertain circumstances: In this case, the decision maker does not even know the probabilities associated with each solution. Certain major decisions of an organization have specifically uncertain conditions. In such a situation, the decision maker may not know all of the possible situations and estimate the probability of success in each situation. For example, consider a local company that wants to find a way in the world market, but has no experience in estimating its success. Therefore, in a state of uncertainty, it is necessary that the manager relies on his judgment, experience, and insight for evaluating the likelihood of success of each solution (Alvani, 2009).

Management information systems (MIS)

This system provides a logical connection between different transaction processing systems and its focus is on the information. The system is useful in doing the tasks of planning, control and decision making at the management level and receives data from transaction processing system and reports to the managers in the form of case and abstract reports. These data are technically less complex and relate more to the events within the organization (Hazer, 1993).

The term, management information systems (MIS), means differently to various authors. Here, we focus on the way that MIS provides information for the management. Two other complementary definitions have been applied by other writers in the definition of management information systems (Kiyanfar, 2006).

Lucy states the Management Information Systems as follows: Systems that convert data from internal and external sources of data, to the information, delivers it in an appropriate form, to the managers at all levels and in all functions to enable them, in making effective and on time decisions in planning, directing, and controlling the duties (Alvani, 2009).

Sen Presents the following supplementary definition: a management information system is an integrated system for providing information to support the planning, control and operation of an organization. This system helps operation management and decision making by providing biased information from past, present, and future about internal operations and external awareness (Kiyanfar, 2006).

Finally, the strategy of data analysis should be performed. Such strategy includes a formal plan that will define how the data will be used. Regrettably, one of the inappropriate collecting indexes is that most of these data have never been used. Managers, who know how to analyze the data, can specify various types of data and determine the superior shape and life cycle of different data. Such advanced indices results in reducing collecting non-useful information.

Value- Focused thinking and Alternative-Focused thinking

There are two kinds of thinking about decision making: in alternative-focused thinking, decision makers focus on the options available and choose the appropriate option out of a set of alternatives. The characteristic feature of this thinking is fair encounter, lack of control over the decision circumstance and lack of attention to the creativity and innovation. The second type of thinking is value-Focused thinking in which values and principles are important and options are only tools for realizing the values. In this kind of decisions the first priority is on the values and not on the tools. More than any other model, the model of value-focused thinking could help find creative and effective options. In conventional patterns of decision making, activities are emphasized on that are carried out after identifying the decision issue, coining the options, and delineating the goals. But there is no appropriate answer for the basic question that how decision issues, goals, and options are developed. These patterns base their work on value-focused thinking. When decision makers face with allocation problems they usually focus on division options before any other activity and find a suitable set of options, and then with an emphasis on goals or indexes for assessing options, identify and select the best. Concentrating on options is a limited method for thinking about decision situations. This common path is a regressive approach and it is like putting the carriage of options identification in front of the value horse rather than behind it. In every situation of decision, values have fundamentally important and options are only tools for realization of the values. So the priority in thinking is on the values and not on the options that might realize those values. It is natural that there is an interaction relation between values and coining tools. But the principle is "first values, then options", which is the value thinking. The distinction between value and alternative thinking can be seen in three dimensions:

1. Value-focused thinking considers highly about the reflection of the values.
2. In value-focused thinking, explaining the values is prior to any other action.
3. Explained values are explicitly used for identification of decision opportunities and coining options (Pearson, 2001).

Decision Theories

The decision will be made by the decision maker in the decision-making environment. This environment is heavily influenced by the ideas and values of the decision maker and the objectives. Decision making includes all intellectual and pragmatic procedures that lead to choose a solution among various solutions in order to achieve the goal. Various theories have been proposed about the decision making process. Nevertheless, most theorists emphasize on three main following theories (Alvani, 2009):

Rational-Analytical decision making (Classical)

This theory is based on the assumption that the decision maker is a unique factor that has smart (clever) behavior yet is informed (wise). The decision is a choice which is selected in the fullest knowledge among the available solutions to maximize benefits of the organization. Therefore, decision maker analyses all solutions, investigates all possible options and adjusts based on a fixed and unbiased criterion and select a solution that yields the maximum efficiency. The decision of a student for choosing an academic major which is done by a comprehensive investigation usually belongs to this kind of decision making or a farmer's decision on cultivating corn when the seed is cheap and he has concluded that in the future there will be a good market for this product than other ones. Also, in this method, the steps of decision making can be divided into different and coherent levels and try to make decisions among different solutions with following a rule or specific flowchart when facing problems. The theory of rational-analytical decision-maker is the oldest theory that prescribes a rational, disciplined, informative, and analytical approach (Hazer, 1993).

The more rational and transparent is decision-making, the more predictable will be the behavior of individuals and organizations and the more estimable will be the effective items in decision making.

Nordic countries that are democratic are introduced in the list of countries that have less administrative corruption, and transparency of decision making are more there, hence, they have more rational decision makings.

This theory has also been criticized, including:

1. Contrary to what the theory states, decision maker is not a single and isolated factor, but rather part of a set of multilateral decision-making;

2. Decision maker does not have enough power to evaluate all solutions and be aware of their consequences, and hence chooses a wise choice. Furthermore, collecting information is expensive;

3. Decision makers are not only content when the issue of maximizing the degree of reaching goals when making decision. Moreover, goals are also changing;

4. The Theory has more descriptive and consultative aspects, so it induces to the decision makers what to do or not to do.

So the real decision-making, questions the validity of the rational process.

Intuitive decision maker

Intuitive decision making theory is the opposite of the rational decision making theory. This theory states that the decision-maker by using unconscious mental processes prefers factors such as experience or habit, instinctive feeling, reflective thinking, and his understanding and perceptions of the environment. This process can be activated by using seminars or brainstorming, using creative thoughts of others, and constructive discussions. An emotional decision maker studies a number of alternative approaches and with jumping from one stage of analyses or research, and returns to the first stage. Some authors believe that effective developers of strategies gradually and perhaps unintentionally shape the strategies as they make everyday decisions. Therefore, the strategy appears as «a plan in the process of decision making" which is the exact opposite to «selection". These theorists believe that this method is closer to the reality. Some people who prescribe intuition and inspiration as a superior approach, point out that in most of the times, intuition and inspiration can lead to better decisions. The analytic models are used as a tool to help refine the understanding of decision maker (Alvani, 2009).

Political-Behavioral decision-maker

In this theory, the real decision maker should examine the various effects that exert upon people from this decision. Every organization has some mutual relationship with beneficiary people; unions take control of workers in lieu of suitable wages and job security; customers exchange goods and services for their money; owners exchange their capital against their expected revenue. Similarly, product suppliers, exchange raw materials for money and sustaining job; and the government provides support and economic security in exchange for the tax. Even competitors exchange the information through business associations or the like.

Beneficiary groups related to powerful institutions, influence more on decisions; because organizations are more dependent on those institutions. For example, if a company depends more on work force, pays more attention to demands of the union leaders about raising wages rather than demands of stockholders for more benefit, because unions can stop the company and try to merge their competitive demands through some political arrangements in such a way that coalition of developed interest supports the decisions. In a political context, Selection of the president's cabinet which is the under the pressures and party and faction's relation is a kind of behavioral-political decision and not a rational-analytical one.

From the perspective of Aristotle, man is a combination of feeling and intellect and the life environment is a combination of changes and severe and analyzable pressures. Therefore, strategic management decisions are typically made with such a human approach which is along with "rational, informative"; "intuitive"; and "behavioral- political" analysis. With regard to individual differences and the decision-making environment, the degree of making rational, insight and political decisions changes by the decision-makers (Kiyanfar, 2006).

Characteristics of strategic decisions

In this section, we are trying to enumerate the main characteristics of strategic decisions and present those aspects that distinguish them from other types of decisions. First, strategic decisions have no structure and are «unconventional". Each decision is unique and cannot be placed in the framework of simple decisions. Therefore, the decision to replenish stock, which can be taken by a Formula, is not a strategic decision. On the other hand, the decision of Scientific Digital Instrument Company to enter the personal computer market is a strategic decision. Secondly, the strategic decisions are those that have special importance for the organization, decisions that use huge resources and have high risk of profit or loss. So, decision making about hiring hourly employees cannot be regarded as strategic, but the decision of Texas Instrument Company about expansion of home computers is a strategic decision. Finally, strategic decisions are usually very "complicated". As a matter of fact, this feature makes them worthy of study. Models of standard strategies decisions process reason that these decisions must be based on attention on vast trends of the environment, competitive dynamism of an industry, strength and weaknesses of the company in every one of functional context and management values. Compiling a strategy consistent with all of these factors is really a very complex task (Rezayiyan, 2008).

Strategic decisions as well as encompassing more than one sector of an organization usually require receiving and allocating substantial amount of human, organizational, and physical resources. Strategic decisions are future-oriented decisions with long term consequences because they take a long time – more than several years or decades. Generally, strategic decisions need commitment and have following characteristics:

1. Require decision making by the senior managers.
2. Requires many resources.
3. Influence on the development of long term success of the organization.
4. Require anticipation and futurism.
5. Have multifaceted and multi-section outcomes.
6. Do not necessarily consider environmental factors.

Perspectives of Strategic Decisions

Strategic decisions can be understood by using the three general models used by "Alison " to describe the government's decisions, such as what was made during the Cuban missile crisis. In the simplest form and at the extreme limit, the first model is based on this assumption that organizations act wisely like individuals and Alison describes the operation of organizations on the basis of the accepted objectives. This understanding is similar to the Simon's understanding of «economic man» who is «perfectly rational» and is "completely" aware of the results of all probable solutions. However, as Alison points out, there appear various things in this model which are probably very realistic. In some cases, personal characteristics or psychological tendencies of the state or nation and its tendency to understand (and ignore) the exact range of solutions is considered. The major aspect of this model is consideration of decisions as a «rational consciousness» product. Alison says that in Model II, the decisions are not the results of a sort of intentional selection, but rather looked as an "output» of organizational processes. He summarizes some of the basic principles of this model. First, many organizational decisions are the result of standard procedures and programs. When making these decisions cannot be achieved with these procedures, search for other solutions follows some special "patterns» which are influenced by the current state of affairs in the organization. Based on Model III of Allison or bureaucratic politics model, decisions are looked upon as the outcome of the political games or the "resultant of negotiation between individuals». Anatomy of a decision in this model involves "playing the game" - action - channel, opportunities, actors, their priorities, and conflicts which produce that procedure as a result (Alvani, 2009).

Aspects of Strategic Decisions

Strategic issues are commonly detectable in six dimensions: Strategic decisions require decisions of senior managers. Because strategic decisions cover several parts of the organization's operations, they need the involvement of senior level managers. As the top level managers have required foresight to understand the wide result of such decisions and have the power to the resources needed for such decisions.

Strategic decisions, allocate a lot of resources to themselves in the organization. Strategic decisions require a substantial amount of money, asset, and personnel that need to be supplied by the internal and external resources of the organization. These decisions commit the organization to long term activities and due to these reasons, they require a lot of resources. Strategic issues are responsible for long term prosperity of the organization. Obligations resulted from strategic decision are usually lasted for five years, but their effects lasted usually longer. When an organization commits itself to follow a special strategy, its competitive imagination usually links to that strategy. Organizations become famous in certain markets for certain products and with certain technologies. If these companies in relation to these markets, change their products or technologies and use a strategy that has different origins, they will risk their previous interests. Therefore, the strategic decisions have prominent effect on the organization to the better or worse (Safarzadeh, 2008).

Strategic issues have usually major multi-task or business outcomes. Strategic decisions are coordinating. Decisions on such factors as the composition of customers, emphasis on competition, or organizational structure, involve necessarily a number of strategic business units of the institution, tasks, sectors or the program units. Each of these areas is affected by the allocation or re-allocation of responsibilities and resources related to the decision.

Strategic issues make it necessary to consider external environmental factors of the institute. All business firms are situated in an open system. They affect the outer situation and are uncontrollably and highly affected by it. Thus, to success in achieving a good status in the future competitive position, the directors of the Institute must look beyond the normal scope of their operations in the organization. They need to know that what others (e.g. competitors, customers, suppliers, creditors, government, and employees) will probably do (Shuang, 1996).

Poor Strategic Decisions

Even, in the best designed Strategic systems, if strategic decision makers could not be successful in using available data, achieving the desirable results will not be possible. Poor strategic decisions usually result from overlooking the assumptions of the program; sometimes when the available information indicates that the assumptions were fundamentally flawed, no action has been taken to investigate and correct information. An interesting case in point was the acquisitions of Howard Jonson's company by Imperial group which was the third large Tobacco Company after British American Tobacco and Philips Morris. In 1970s, the diversification program had started to reduce dependency on the decline in the tobacco market. The objective of this plan was to obtain part of a major U.S. company. Imperial waited for two years in the U.S., looking for an opportunity to acquire a good company with high growth in industry and has a good record and suitable prospective of growth, with a reasonable price.

Imperial - before it decides on Howard Johnson's Company – studied more than 30 different industries and 200 companies. In 1979 when the Imperial decided to announce the purchase of the Howard Johnson Company for $ 500 million, the Imperial shareholders rebelled and threatened to strike. They stated the current problems as follows: the price of $ 26 per share is exactly twice the price of $ 13 in 6 months ago and it seemed that possession of the company does not have a reasonable price. Aside from this, the motel industry was entering into a stage that its growth was less than expected. Meanwhile, Howard Johnson did not have a good reputation. Imperial did not consider objections of its shareholders and bought the chain motels. Five years later, when the opposition declined, Imperial decided to get rid of Howard Johnson. The acquisition was a complete failure. What was the mistake? Why after two years of planning, a company had been bought that was not in compliance with the expectations? It appears that the answer to this question is not in the nature of planning but in strategic decision making. Imperial, had not bought Howard Johnson based on a proper planning. What happened in Imperial was that the chairman of the board of directors, independently and personally made the decision to buy Howard Johnson because he thought it was a good buy. Well, regardless of existing authorities, chairman of the board was surrounded by a collection of like-minded and congruous people. When he chose a path, the consultants agreed with his views and rationalized that decision making. Nobody questioned that decision; however, the available information indicated that this was a mistake. On the contrary, the strategic planning had been turned into a tool used to justify a decision that was not consistent with strategic objectives. The Imperial case is an example of what social psychologist, "Irving L. Janis,» has pointed out as "groupthink» or group thinking (Hazer, 1993).

Groupthink occurs when a group of decision makers, start to do something without questioning about assumptions that are based on. Typically, when a group on a particular person or policy has a unified stance, this situation filters the information or overlooks realistic explanations that may question the intended policy. Thus, more obligations are based on group feelings than based on the objective and assessment of what that is the proper way of the job. That is why the results of the meetings, are such poor decisions. This phenomenon could at least partly explain why companies, regardless of having developed strategic management, typically have poor strategic decisions.

Techniques Dealing with Groupthink and Professional Approach

Traditional strategic decision making could be named "professional approach". This approach consists of a proposed course of action which is based on a set of assumptions. Designing an individual program by a knowledgeable programmer or a programming committee whose members are contributing in presenting theories is an example of technical approach. The problem with this approach is its disability in dealing with groupthink. Besides, the assumptions are not certain and their wrongness could result in poor decisions. There are two well-known techniques for dealing with group thinking and weakness of professional approach; troubleshooting and dialectical approach (Ebrahimi nejhad, 2002).

Troubleshooting or conscious opposition means stating potential problems and defects. As a matter of fact, it is a critical analysis of the plan. One of the decision making groups acts as the plan opponent and presents all of the reasons about rejecting the plan. In this situation, the decision makers get aware of the negative points of the plan.

Dialectical approach or inquiry - meaning the result of a discussion about comments relating to the advantages and disadvantages of a plan - is a more complex method because it includes the professional plan (thesis), and the opposite plan (antithesis). According to the Mason's opinion _ the first proponents of this method _ in strategic management, the professional plan and its opposite plan must naturally reflect a reasonable but challenging and controversial activity. Decision makers of the company put forward a discussion in confrontation of plan and anti-plan. The aim of this confrontation is to exhibit issues related to definitions of proposed actions and assumptions. Therefore, the issues for decision makers and planners become more understandable and they reach to the final outcome or the final plan (synthesis) (Alvani, 2009).

Each of these three methods of decision making has been illustrated in the following diagram. Logically, both troubleshooting and the dialectical approach lead to a better decision making. If any of the two methods were used in Imperial case, a different decision and probably better result has been made and although there is this discussion that which method is better, the troubleshooting method is practically easier, because it has fewer obligations and lesser challenges than dialectical approach.

Conclusion

Kuntz believes that the decision making is the base and the principle of the planning. Obviously there will be no plan, program, and direction, until someone makes a decision somewhere. A manger usually considers the decision making, his main responsibility, because practically notices that he must always think about what way to choose, what to do, who put in charge and how the work is carried out.

Generally the decision making is affected by a number of factors, including:

1 - Rational factors: includes measurable factors such as cost, time, and anticipations and so on. There is a general tendency that these factors are paid more attention to and non -quantitative factors are forgotten.

2 - Psychological factors: people's participation in the decision-making process is clear. Decision factors such as personality of a decision maker, his talents, experiences, perceptions, values, aspirations, and his role are important factors in the decision making.

3 - Social factors: The approval of others, especially those whom the decision affects somehow, are among important decision-making issues. Considering these factors, reduces the resistance of the others to the decision.

4 - Cultural factors: Environment has many cultural layers which are named local culture, national culture and global culture. Likewise, the culture of the organization should be considered. These cultures effect on our individual and organizational decision in the form of accepted social norms, practices and values.

Strategic decisions are long-term, complex, and non-structured decisions which are adopted by senior managers. Information about such decisions is generally not defined, not based on the prior experience, originates out of the organization, and is collected through informal ways and shortcuts. Strategic decisions have certain characteristics. Most strategic decisions are some rare cases and usually do not have any record, and are taken because of environment changes and various situations of the company and the business that the company works on it.

Strategic decisions are also result-oriented and guiding, because absorption of a lot of resources, needs serious commitment of the organization.

Usually other decisions of the organization should be in line with the strategic decisions of the organization.

Generally, the strategic decisions besides involving more than one sector of an organization often need a considerable amount of human, organizational, and physical resources. Strategic decision because of taking a long time (more than a few years or decades), are future-oriented decisions with long term consequences.

References

Ahmadi, M. (2003). Decision Making, Approaches, and techniques, Tose' Ensani polis, 11(3): 82-19.

Alvani, M. (2009). General Management, Tehran: Nashr Ney Publication.

Ebrahimi nejhad, M. (2002). Strategic Management in Commerce and Industry, Tehran: Samt Publication.

Hazer, M. (1993). Decision Making in Management, Tehran: Public Management Education Centre.

Kenney, R. (2002). Value-Focused Thinking, (V. Vahidi Motlagh, Trans.), Institute of Future Global Cultural Studies.

Kiyanfar, F. (2006). Role of Strategic Management Information Systems in the processes of strategic decision making of the Organization, Modiriyat Farda, 16(2): 23-36.

Pearson, R. (2001). Planning and Strategic Management, (S. Sohrab Khalili, Trans.), Tehran: Yadvare ketab Publication.

Rezayiyan, E. (2008). Principles of Management, Tehran: Samt Publication.

Safarzadeh, H. (2008). Theories of Management, Tehran: Poran Pazohesh Publication.

Shuang, C.R. (1996). Essentials of strategic decision making, (A. Monavariyan, Trans.), Tehran: Public management Education center.