

What do you understand by Strategic Management? Briefly explain different types of strategic decision making processes.

Strategic Management refers to the process of formulating and implementing strategies to achieve the long-term goals and objectives of an organization.

It involves analyzing the internal and external environment, setting goals, formulating strategies, implementing them, and continuously evaluating and adapting them to ensure the organization's success.

Types of Strategic Decision Making Processes:

1. Rational/Analytical Model
2. Incremental Model
3. Intuitive Model
4. Political Model
5. Emergent Model
6. Bounded Rationality Model
7. . Game Theory Model

1. Rational/Analytical Model: The Rational Model indicates that decision making calls for a systematic process of evaluating options for solutions to a given problem. Data collection, detailed analysis and logical reasoning backed by statistical tools are some of the major themes in this approach that help in selecting the best alternative

2. Incremental Model: This approach is all about making decisions in small bits, one step at a time, and adapting along the way. It means learning from experiences in the past, trying

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things out, and finally adjusting strategies little by little according to the feedback received.

3. Intuitive Model: Intuitive decision making relies on the expertise and intuition of decision-makers. It involves using gut feelings, personal experiences, and judgment to make strategic choices. This approach is often employed when time is limited, and there is a need for quick decisions.

4. Political Model: The political model of decision making recognizes that strategic decisions are influenced by power dynamics, interests, and negotiations within an organization. It involves multiple stakeholders with different perspectives and agendas engaging in discussions and negotiations to reach a consensus or make trade-offs.

5. Emergent Model: The emergent model recognizes that strategies may evolve and emerge over time through a process of experimentation, learning, and adaptation. It involves continuously monitoring the environment, identifying emerging opportunities or threats, and adjusting strategies accordingly.

6. Bounded Rationality Model: This approach acknowledges that decision-making is often constrained by limited information, cognitive abilities, and time. Decision-makers aim to make satisfactory choices that are "good enough" given the constraints, rather than seeking the ideal or optimal solution.

7. Game Theory Model: Game theory is used to analyze strategic interactions and decision making in competitive situations. It involves considering the actions and reactions of different players or competitors and making decisions based on anticipated responses and outcomes.

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