

ALTERNATIVE APPROACHES TO THE STUDY OF STRATEGIC DECISION-MAKING PROCESSES.

Tony Gear

University of Gloucestershire
Business School, Park Campus
Cheltenham GL50 2RH, UK
agear@glos.ac.uk

Hong Shi

University of Gloucestershire
Business School, Park Campus
Cheltenham GL50 2RH, UK

Nagah Ftes

University of Gloucestershire
Business School, Park Campus
Cheltenham GL50 2RH, UK

ABSTRACT

The objectives of the paper are two-fold: to describe an exploration and analysis of the nature of processes of strategic decision-making in the Libyan commercial banking sector using a qualitative research design; and to compare and contrast alternative approaches to studies of decision-making processes in organisations.

The relative roles of 'rationality', 'intuition' and 'political behaviour' in 5 strategic decisions of very high importance were explored in this study by conducting 16 face-to-face interviews with senior decision-makers from 3 commercial banks. Other observations of decision-making behaviour and documentary information were also recorded. This enabled analysis and interpretation of the perceived influence of 'decision importance' on the process, as well as an exploration of other key influencing factors on the strategic decision process.

It was found that rationality is a key factor of the process, and considerable efforts were made by key staff to gather and analyse information, as well as engage consultants and seek advice from commercial banks outside Libya. This finding appeared to reflect the high importance of the decisions, coupled with the inexperience of the senior management group, leading to some anxiety and, as a consequence, risk-reducing activities. The strategic decisions were based on analysis, advice and past experience, rather than on personal judgement. None of the banks exhibited strong political behaviour in their decision-making processes. Instead there was constructive consultation to make decisions.

Decision-making was driven by clear decision motives, the importance attached to the decision, and a committed effort to minimize uncertainty and risk. Other factors considered were that the decisions were financially rewarding, delivered customer satisfaction and employee welfare, as well as being socially acceptable. This finding shows the importance of getting all participants involved in the entire decision-making process. It is important that managers take note and manage these factors, and the influence they may have on that process.

Analysis of the data has enabled the development of a model which is consistent with an interpretation that places anxiety in the senior management group as the dominant factor driving the adoption of a rational approach to decision-making, with low intuitive or political activity. Anxiety was derived from the crucial importance of the decisions, the relative inexperience of the senior management group in relation to the decisions, and policy pressures from the Central Bank of Libya to change and modernise banking methods. The availability of resources and time to the senior group, in a generally munificent environment, also encouraged senior staff to adopt rational methods of analysis for decision-making, and reduce their degree of anxiety.

The paper reflects on the relative merits of a qualitative approach to studies of decision making process, as compared with more positivist, quantitative approaches based on sample surveys. Recent papers which have used a survey approach to address the nature of strategic processes are reviewed and compared with the present study. Some conclusions regarding the nature of the research questions which may be addressed by the alternative methodologies are drawn.