

Paper –Strategic Management

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Dr. James Hussain

Assistant Professor (Guest Faculty)

[Email.-mbajames123@gmail.com](mailto:mbajames123@gmail.com)

TOPIC- PROCESS OF STRATEGIC CHOICE

The process of strategic choice is essentially a decision-making process. Decision-making consists of setting objectives and goals, generating alternatives, choosing one or more alternatives that help the organization in attaining its objectives properly and finally implementing the chosen alternative. A decision-maker should have proper knowledge for selecting or rejecting alternatives.

Strategic choice is the process of selecting strategies from the various strategies available, in order to accomplish the organizational objectives. There are four steps in the process of strategic choice, as follows:

Focusing on alternatives: The main aim of focussing on a few alternatives is to narrow down the choice to a manageable number of feasible strategies. Theoretically, it is possible to consider all the alternatives, but it poses a dilemma before the decision-maker because considering too many alternatives makes the strategic process unproductive. Therefore, in practice the decision-maker limits the choice to a few alternatives. Focusing on alternatives can also be done by visualising a future state of the organization and working backwards from it. This is done through strategy gap analysis; a company sets the objectives for a time of three to five years and then works backward to find out where it can reach through the present level of effort by analysing the difference between the projected and the desired performance. A gap could be found.

Considering the selection factors: Narrowing down the strategic choice to a feasible alternative is facilitated by considering the gap analysis. The gap analysis is based on many factors, which

are known as selection factors. They determine the criteria on which the evaluation of strategic alternatives is based. The selection factors are divided into the two following groups

Objective factors: These factors are based on analytical techniques and are hard facts or data used to facilitate strategic choice. They are also known as normative, rational and perspective factors.

Subjective factors. These factors are based on one's personal judgement and collective or descriptive factors,

Evaluating strategic alternatives: Selection factors are the criteria on which a final choice of strategy has to be based. Narrowing the choice results in a few alternatives, each of which has to be evaluated for its capability to help the organization in accomplishing the goals. Evaluation of strategic alternatives consists of bringing together the results of the analysis carried out based on the objective and subjective factors.

Making the strategic choice: An evaluation of strategic choice leads to a clear assessment of the most suitable alternative under the current conditions. The last step of the strategic process is to make the strategic choice. In this step, one or more strategies are selected, which are to be implemented.