

Factors Affecting Strategic Decision Effectiveness in Higher Education Institutions

PhD Management Studies
(Brunel University)

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- Higher Educations Institutions (HEIs) Challenges
- Paper Research Question & Aim
- Definition of Strategy, Strategic Planning and Strategic Decision Making Process (SDMP)
- Literature Review - Decision Importance, Rationality, Intuition, Decentralization and Strategic Decision Effectiveness
- Model, Hypothesis and Data Analysis
- Conclusion, Limitation and Future Research

- Enforcement of Education Systems
- Inconsistent Funding
- Fluctuating student enrollments
- Struggle with environmental rapid changes
- Resistance towards a change
- Failure of Strategic Plan & Hence Strategic Decision Making

Ref: Hinton (2012), Taylor et.al (2014)

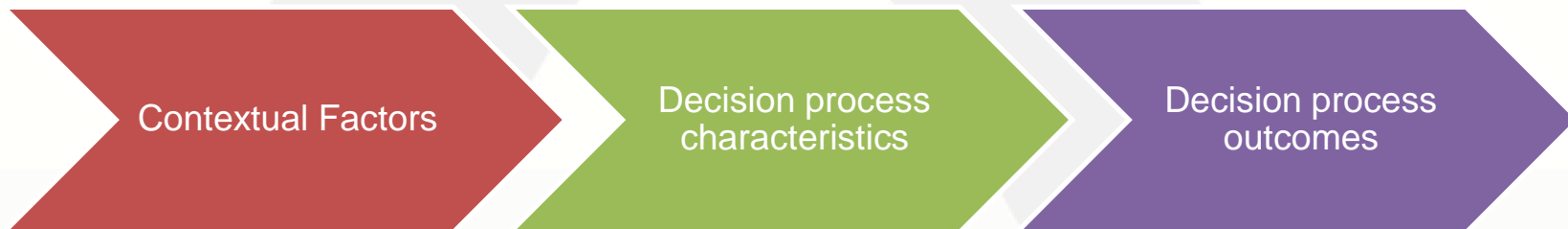
Paper Research Question

- In the context of HEIs, how decision importance as a decision specific characteristic affects the strategic decision process effectiveness, taking into account the intervention of SDMP characteristics rationality, intuition and decentralisation of decision making?

Paper Research Aim

- To identify factors that influence strategic decision effectiveness in decision making to support HEIs while taking strategic decisions

Strategic Decision Making Process (SDMP) Component



| | | |
|----------------------------------|---|---------------------------|
| Contextual Factors | Decision Importance | Specific Characteristic |
| Decision Process Characteristics | Rationality, Intuition & Decentralization | Process Characteristic(s) |
| Decision Process Outcome | Decision Effectiveness | Process Outcome |

Strategy, Strategic Planning vs. Strategic Decision Making Process

| Strategy | Strategic Planning | SDMP |
|---|--|--|
| <ul style="list-style-type: none">• Strategy is the addition of the decision taken by an organization in all aspects, as much commercial as structural, with the strategy developing in accordance with learning process of the firm's manager• Strategy is embedded into policy-makers; it contains a series of decisions that reflect the basic objectives of the organization's business, and how to use the capabilities and internal resources to achieve these objectives. | <ul style="list-style-type: none">• Strategic Planning is an activity that support organizations to set their vision, mission and directions.• Strategic Planning is a Process initiated with identification of vision, mission and objectives• Strategic Planning is a tool to be used as a support for organizations to manage their resources | <ul style="list-style-type: none">• SDMP is a process involves decision makers while planning at strategic level.• SDMP is required to execute functions in relation to strategic plans therefore enough time should be given.• SDMP is about a process with various characteristics that influence its outcome. |
| REF: Mintzberg (1976); McNicholos (1977) | REF: Covin & Selivin (1989), Storey (1994), O' Regan & Ghoadian (2006) & Darabos (2013) | REF: Papadakis & Barwise (1998), El Banna & Child (2007) & Noorie (2014) |

Literature Review

| Component | Literature Review Argument | Reference(s) |
|--|--|---|
| Decision Importance [Specific characteristic] | <ul style="list-style-type: none">• Every aspects of organizations require decision making.• Managers in organizations need to make decisions• Decision making process involves decision makers• Decision Importance could be influenced by Manger's choice | Papadakis & Barwise (1998) ElBanna & Child (2007) Noorie (2014) ElBanna (2011) |
| Rationality [Decision Process Characteristic] | <ul style="list-style-type: none">• Rationality is widely investigated however there is no clear agreement if rationality influence decision making in HEIs• Rationality in decision making within HEIs context is more of a fuzzy activity rather than a rational planning | Genesan et.al (2002) Fioretti & Lomi (2010) Knight and Yorke (2003) |

Literature Review

| Component | Literature Review Argument | Reference(s) |
|---|---|--|
| Decentralization [Specific characteristic] | <ul style="list-style-type: none">• The concept of decentralization is associated with different characteristics such as policy making• Empowerment of people within the organization context• Decentralization is a fairly recent activity happening and HEIs are trying to understand the concept• There is a lack of adequate studies that explain how Decentralization Influence the decision outcomes | Neven (2002) Naidoo (2005) Soderqvist (2007) Khan et.al (2014) El Banna & Child (2007) Papadakis & Barwise (1997) |

Literature Review

| Component | Literature Review Argument | Reference(s) |
|---|--|--|
| Intuition [Specific Characteristic] | <ul style="list-style-type: none">• Intuition is important to be considered in decision making process in organizations• The relationship between Intuition and decision making effectiveness is weak• Intuition could be the opposite of rationality and 90% of decisions are taken intuitively in organizations• Hardly any study was conducted with reference to academics and the decision making style in HEIs | Kolbe et.al (2013) El Banna & Child (2007) Klein (2004) Tat et.al (2012) |
| Decision Effectiveness | <ul style="list-style-type: none">• HEIs are having a serious problem in making effective decisions that are strategic in nature• There is a need to investigate how SDMP characteristics influence decision process outcome• There is a need to study the effectiveness of decision making process outcomes in HEIs | Daimond et.al (2014) Butler et.al (1993) Brown (2005) ElBanna & Child (2007) Trull (1966) Rajagoplan et.al (1993) |

Research Model and Hypothesis



| | |
|----|---|
| H1 | Decision importance positively influences rationality in decision making. |
| H2 | Decision importance positively influences decentralisation in decision making |
| H3 | Decision importance positively influences intuition in decision making |
| H4 | Rationality in strategic decision-making in HEIs positively influences strategic decision effectiveness. |
| H5 | Decentralisation of strategic decision-making in HEIs positively influences strategic decision effectiveness. |
| H6 | Intuition of strategic decision-making in HEIs positively influences strategic decision effectiveness. |

Measurement Reliability and Validity

| Construct | Question codes | Cronbach's Alpha | Item-item correlation (range) | Item-total correlation (range) | Remarks |
|---|----------------|--|--|--|--|
| Decision importance | Q1-Q5 | 0.772 | 0.298-0.712 | 0.486-0.758 | Acceptable |
| Rationality in decision making | Q7-Q10 | 0.836 | 0.473-0.707 | 0.63-0.730 | Good |
| Intuition | Q11-Q15 | 0.680 (0.779 after removing Q13 & 14) | -0.31-0.855 (0.349-0.855 after removing Q13 & 14) | 0.174-0.671 (0.371-0.818 after removing Q13 & 14) | Poor Questions Q13 & 14 was contributing to poor correlation. Hence removed. |
| Decentralisation | Q16-Q20 | 0.670 (0.748 after removing Q17) | -0.169-0.714 (0.269-0.714 after removing Q17) | -0.018-0.676 (0.422-0.695 after removing Q17) | Poor. Question Q17 was contributing to poor correlation. Hence removed. |
| Strategic decision effectiveness (rating) | Q54-Q58 | 0.885 | 0.479-0.822 | 0.672-0.839 | Acceptable |

Reliability was measured using Cronbach's alpha. According to Sekaran (2000) alpha values below 0.6 are considered as poor, those around 0.7 as acceptable, and those exceeding 0.8 are considered as good.

Hypothesis Testing and Regression Analysis

| No. | Hypothesis | Accepted/Rejected |
|-----|---|--------------------|
| H1 | Decision importance positively influences rationality in decision making. | Accepted |
| H2 | Decision importance positively influences decentralisation in decision making | Rejected |
| H3 | Decision importance positively influences intuition in decision making | Rejected |
| H4 | Rationality in strategic decision-making in HEIs positively influences strategic decision effectiveness. | Accepted |
| H5 | Decentralisation of strategic decision-making in HEIs positively influences strategic decision effectiveness. | Partially accepted |
| H6 | Intuition of strategic decision-making in HEIs positively influences strategic decision effectiveness. | Rejected |

Conclusion, Limitation and future area of research

- As a limitation the sample size is limited as it was noted that decentralization require a large sample size to have a reliable approach (Naidoo, 2005)
- As future area of research, additional moderator variables need to be considered such as environmental variables (Internal & External) and characteristics of decision makers
- Additional future area of research is to have a deeper investigation in relation to the relationship between the decision process characteristics and its influence on the overall decision effectiveness
- To have a comparative study by considering the strategic decision making process at the planning and implementation phase.

THANK YOU