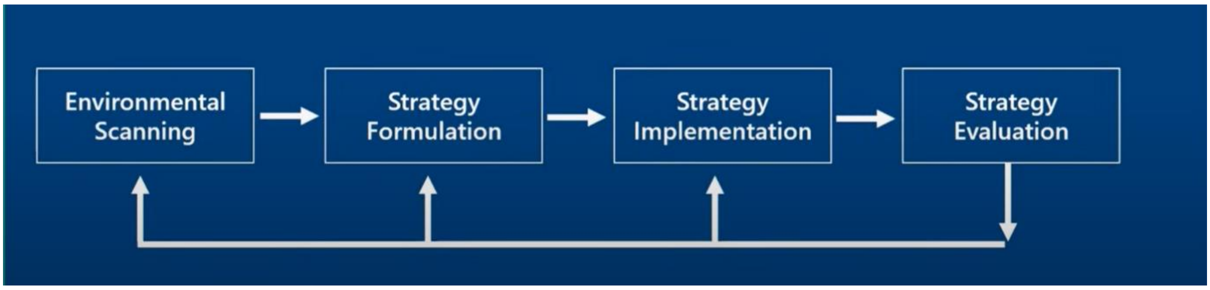
What is Strategy and Levels of Strategies:

Strategic management is the process of defining, implementing, and evaluating strategies that an organization uses to achieve its long-term goals and objectives. It involves planning, monitoring, analyzing, and assessing all that is necessary for an organization to meet its goals.

Process of Strategies



 Goal Setting: Defining the organization's vision, mission, and objectives.

 Environmental Scanning: Analyzing both internal and external environments to identify strengths, weaknesses, opportunities, and threats (SWOT analysis).

 Strategy Formulation: Developing strategies that will leverage strengths and opportunities while addressing weaknesses and threats.

 Strategy Implementation: Putting the formulated strategies into action by allocating resources and making the necessary operational changes.

 Evaluation and Control: Monitoring progress, measuring performance, and making adjustments to strategies when necessary to ensure the organization stays on track toward achieving its goals.

Levels of Strategies

In business and management, strategy is typically categorized into three levels: **Corporate-Level Strategy**, **Business-Level Strategy**, and **Functional-Level Strategy**. Each level focuses on different aspects of organizational management and decision-making.

1. Corporate-Level Strategy

This is the highest level of strategy and deals with decisions that affect the entire organization. It focuses on the overall scope and direction of the organization. Key aspects include:

- **Growth Strategies**: Deciding whether the company should expand or diversify into new markets.

- **Mergers and Acquisitions**: Determining whether the company should acquire, merge with, or form partnerships with other companies.

- **Resource Allocation**: Deciding how resources are distributed across the organization's business units.

- **Overall Vision and Mission**: Establishing the long-term goals and direction for the organization.

2. Business-Level Strategy

This level focuses on how a business competes within a particular industry or market. It is often referred to as **competitive strategy** and revolves around:

- **Cost Leadership:** Offering products or services at the lowest cost to achieve a competitive advantage.

- **Differentiation**: Making products or services distinct in the market to attract a specific customer base.

- **Focus Strategy**: Targeting a particular segment of the market and catering to its needs either through cost leadership or differentiation.

3. Functional-Level Strategy

This is the lowest level of strategy, which focuses on the efficient and effective use of resources within specific functional areas such as marketing, finance, operations, human resources, and R&D. Key aspects include:

- **Marketing Strategies**: How the company promotes and sells its products.

- **Operational Strategies**: How production processes are optimized to increase efficiency.

- **Human Resource Strategies**: How talent is managed, developed, and retained.

- **Financial Strategies**: Managing financial resources, investment decisions, and profitability targets.

What is Decision Making?

Decision-making is the process of choosing between different options or courses of action. It involves identifying a problem, gathering information, evaluating possible solutions, and selecting the best option based on logic, personal values, or desired outcomes. Decision-making can be influenced by various factors such as emotions, experience, and available data. It is a critical skill in both personal and professional settings, helping individuals and organizations achieve their goals effectively.

There are different types of decision-making processes, such as:

1. **Rational decision-making**
2. **Intuitive decision-making**
3. **Collaborative decision-making**
4. **Emotional decision-making**

Approaches of Decision making:

- Decision making essence of management
- Most decision making in routine
- Every decision making its own important (high level decision and low level)

Rational decision-making is a structured and methodical approach to making decisions that aim to produce the most optimal outcome. It involves a series of logical steps, often based on facts and data, where the decision-maker:

1. Decision making has clear and fully objective and logical
2. Problem would be clear and unambiguous
3. He selects the best alternative
4. Decision making has clear specific goals.
5. Decision are mode in the best interest of the organisations.

Bounded Rationality

Manager make decision rationality but are limited (bounded) by their ability to process information.

Satisfice is a term coined by Herbert A. Simon in the context of decision-making and bounded rationality. It refers to the strategy of choosing an option that meets an acceptable threshold of satisfaction, rather than trying to find the optimal or best possible solution.

- ▯ **Time is limited.**
- ▯ **Cognitive resources are constrained.**
- ▯ **The perfect solution is difficult or impossible to determine.**

Intuition is the ability to understand or know something immediately, without the need for conscious reasoning. It's a kind of inner sense or "gut feeling" that helps individuals make decisions or judgments quickly, based on patterns, experiences, or subconscious processing of information.

Key characteristics of intuition include:

1. **Automatic**: It often comes to you spontaneously without deliberate thought.
2. **Experience-based**: It is usually shaped by past experiences or knowledge, even if you're not aware of it.
3. **Fast**: Intuition allows for rapid decision-making.
4. **Non-analytical**: It bypasses logical, step-by-step thinking and can feel more like an instinctive reaction.