


Strategic Decision-Making in High-Risk Industries: A Focus on Resource Allocation

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ABSTRACT

Strategic decision-making in high-risk industries is pivotal due to the inherent uncertainties and potential severe consequences associated with operational failures. This study aims to explore the decision-making processes regarding risk assessment and resource allocation within these industries, providing insights into how strategic decisions are formulated, implemented, and their subsequent impact on organizational resilience and performance. This qualitative research utilized semi-structured interviews with 22 senior managers and department heads from industries identified as high-risk, including aerospace, chemical manufacturing, and healthcare. The study employed thematic analysis to achieve theoretical saturation, ensuring a comprehensive understanding of the strategic decision-making processes. Four main themes were identified: Risk Assessment, Resource Management, Decision-Making Processes, and Impact and Outcomes. Each theme encompassed several categories: Risk Assessment included Perception of Risk, Evaluation Methods, Impact of External Factors, and Mitigation Strategies; Resource Management covered Allocation Efficiency, Human Resources, Technological Resources, and Financial Resources; Decision-Making Processes were detailed through Approach to Decision-Making, Information Gathering, Decision Influencers, and Crisis Response; Impact and Outcomes were divided into Short-term Outcomes, Long-term Outcomes, and Lessons Learned. The study highlights the complexity and multi-dimensionality of strategic decision-making in high-risk industries. Effective risk assessment and resource management are crucial for navigating the uncertainties these industries face. Strategic agility and the ability to integrate comprehensive risk management practices significantly enhance organizational resilience and long-term success.

Keywords: *Strategic Decision-Making, High-Risk Industries, Resource Allocation, Risk Assessment, Qualitative Research, Organizational Resilience.*

1. Introduction

Strategic decision-making within high-risk industries represents a complex intersection of risk assessment, resource allocation, and long-term strategic planning. The inherent uncertainties and the high stakes involved in these sectors demand that organizations not only respond swiftly but also do so with an acute awareness of both internal capabilities and external pressures. In high-risk industries, decision-making processes are influenced by a plethora of factors, including regulatory requirements, technological advancements, and competitive pressures. The literature suggests that effective decision-making in these contexts not only affects immediate operational outcomes but also shapes long-term strategic positioning (Bourgeois & Eisenhardt, 1988). These decisions often involve the allocation of scarce resources across competing needs, a challenge that has been extensively discussed in management and finance literature (Busenbark et al., 2017; Levinthal, 2017).

The theoretical underpinnings of this research are deeply rooted in the principles of enterprise risk management, which highlight the importance of integrated frameworks to manage risks comprehensively across an organization (Elamir, 2019; Hirsch, 2023; Petratos & Faccia, 2023). Risk assessment techniques are crucial in high-risk sectors where the potential impact of decisions can be drastic (AlAmeri et al., 2021). These techniques often employ sophisticated models to evaluate the probability and impact of adverse events, thereby informing resource allocation to mitigate identified risks effectively (Barth & Jiranek, 2023; Karamoozian et al., 2022; Rachman & Ratnayake, 2019).

Resource allocation in this context is not merely a financial management task but a strategic decision that encompasses human, technological, and financial resources (Maksimovic & Phillips, 2002). Each type of resource requires different considerations—technological resources may need alignment with innovation objectives, human resources might demand training and development, and financial resources could necessitate careful investment to ensure sustainability and growth (Jia, 2019).

Furthermore, the concept of decision-making in these industries is closely tied to the idea of equity and efficacy, as outlined by Guindo et al. (2012). These authors argue for a balanced approach to healthcare decision-making that can be extrapolated to other high-risk industries, suggesting that decisions should not only aim for the greatest efficacy but also consider the equitable distribution of resources (Guindo et al., 2012).

The urgency of studying strategic decision-making in high-risk industries has been underscored by recent global events, such as the COVID-19 pandemic, which have revealed the critical importance of nimble, informed, and effective decision-making frameworks (Prieto & Gómez, 2021). This research aims to contribute to the ongoing discussion about how high-risk industries can better navigate the complexities of their environments through strategic decision-making, thereby enhancing their resilience and capability to achieve sustained success.

In summary, the strategic allocation of resources within high-risk industries involves a complex interplay of assessing risks, managing resources, and making decisions that can withstand the pressures of an uncertain environment. This paper seeks to dissect these processes through the lens of qualitative research, providing new insights that could help guide future strategic initiatives in similarly challenging contexts.

2. Methods and Materials

2.1. Study Design and Participants

This study employs a qualitative research methodology, focusing on semi-structured interviews to explore strategic decision-making in high-risk industries with a specific emphasis on resource allocation. The choice of a qualitative approach allows for an in-depth understanding of the complex factors influencing strategic decisions at the managerial and operational levels.

Participants were selected through purposive sampling from various high-risk industries, including but not limited to, aerospace, chemical manufacturing, and healthcare. These industries were chosen due to their inherent risks and the critical need for effective strategic decision-making. Key informants typically held positions such as senior managers, project leaders, and department heads who are directly involved in strategic planning and resource allocation.

The study aimed to achieve theoretical saturation, a point at which no new information or themes are observed in the data. To ensure comprehensive coverage, interviews were continued until saturation was reached, ensuring the reliability and depth of the findings. This approach guarantees that the data collected adequately represents the range of experiences and insights regarding strategic decision-making across the selected industries.

All participants were provided with a consent form that outlined the purpose of the research, the nature of their participation, and their rights, including confidentiality and

the right to withdraw from the study at any time without penalty. Participant confidentiality was strictly maintained by anonymizing transcripts and removing any identifiable information from the study's findings.

2.2. Measures

2.2.1. Semi-Structured Interview

Data were collected solely through semi-structured interviews, which were designed to elicit detailed information and personal experiences related to strategic decision-making. The interview guide included open-ended questions to explore topics such as risk assessment, resource management, crisis response strategies, and the impact of external and internal factors on decision-making processes. Each interview lasted approximately 60-90 minutes and was conducted either face-to-face or via a secure online platform, depending on the availability and preference of the participants.

2.3. Data Analysis

The interviews were audio-recorded with the consent of the participants and transcribed verbatim. Thematic analysis

was employed to identify, analyze, and report patterns within the data. Initial codes were generated from the first few interviews and were continuously refined and categorized into broader themes as more data were collected and analyzed. This iterative process allowed for the emergence of a nuanced understanding of the core aspects of strategic decision-making in high-risk environments.

3. Findings and Results

In this qualitative study, a total of 22 participants were interviewed to explore strategic decision-making processes in high-risk industries. The demographic breakdown of the participants was as follows: 14 were male and 8 were female, reflecting a diverse gender representation. Participants ranged in age from 35 to 60 years, with a median age of 45. All participants held positions of significant responsibility within their organizations, such as senior managers, project leaders, or department heads. Regarding industry representation, 7 participants were from the aerospace sector, 5 from chemical manufacturing, and 10 from healthcare. Each participant had at least 10 years of experience in their field, ensuring a depth of practical knowledge and strategic insight.

Table 1

The Results of Qualitative Analysis

Categories	Subcategories	Concepts (Open Codes)
Risk Assessment	Perception of Risk	Industry standards, Past incidents, Risk tolerance, Safety margins
	Evaluation Methods	SWOT analysis, Scenario planning, Risk matrices, Probability assessments
	Impact of External Factors	Regulatory changes, Market volatility, Technological advancements
	Mitigation Strategies	Contingency planning, Insurance, Safety protocols, Employee training
Resource Management	Allocation Efficiency	Resource prioritization, Budget constraints, ROI analysis, Cost-benefit analysis
	Human Resources	Staffing levels, Expertise recruitment, Training programs, Team composition
	Technological Resources	Tech upgrades, Automation tools, Data analytics, Cybersecurity measures
Decision-Making Processes	Financial Resources	Funding allocation, Cost control, Investment strategies
	Approach to Decision-Making	Centralized vs. decentralized, Intuitive vs. analytical, Speed of decision
	Information Gathering	Data collection methods, Information sources, Stakeholder consultations
	Decision Influencers	Leadership style, Stakeholder input, External consultants, Employee feedback
Impact and Outcomes	Crisis Response	Immediate actions, Long-term strategies, Communication plans
	Short-term Outcomes	Immediate financial impact, Operational disruptions, Stakeholder reactions
	Long-term Outcomes	Strategic positioning, Market share, Regulatory compliance
	Lessons Learned	Process improvements, Policy updates, Training enhancements

3.1. Risk Assessment

The first major theme identified was Risk Assessment, which encapsulates several subthemes. Participants described their Perception of Risk in terms of industry standards and past incidents, noting that "Risk tolerance

varies significantly across sectors, influenced heavily by historical outcomes and safety margins." In Evaluation Methods, respondents highlighted the use of tools like SWOT analysis and risk matrices, with one manager stating, "We rely on scenario planning to visualize potential future crises and prepare accordingly." The Impact of External

Factors such as regulatory changes and market volatility was frequently discussed, where a leader mentioned, "Technological advancements have forced us to reconsider our existing risk mitigation strategies." In Mitigation Strategies, contingency planning and safety protocols were emphasized, with one interviewee explaining, "Our safety protocols evolve with each incident review, aiming to tighten any detected lapses."

3.2. Resource Management

This theme covers the efficient use of resources within organizations. Allocation Efficiency was a key concern, with leaders often discussing "the challenge of balancing resource prioritization against budget constraints." Under Human Resources, the focus was on "ensuring the right team composition, where expertise recruitment is as crucial as ongoing training programs." The subtheme of Technological Resources highlighted the adoption of "data analytics to streamline operations and enhance decision-making capabilities," while Financial Resources involved discussions around "strategic investment decisions and maintaining robust cost control measures."

3.3. Decision-Making Processes

Interviewees described various approaches in the Approach to Decision-Making, such as "preferring a decentralized model to enhance agility in critical situations." The Information Gathering subtheme revealed practices like "utilizing multiple data sources to ensure a well-rounded decision-making process," where "stakeholder consultations are integral." Decision Influencers include factors such as leadership style and external consultants, with one leader noting, "External consultants provide a fresh perspective that is crucial during complex decision phases." Crisis Response was particularly critical, as evidenced by one respondent's remark: "Our immediate actions are planned in advance, allowing a swift response when crises actually hit."

3.4. Impact and Outcomes

The final theme revolved around the repercussions of strategic decisions. Short-term Outcomes often involved "assessing the immediate financial impact and operational disruptions," while Long-term Outcomes looked at "how strategic decisions influence our market share and compliance with evolving regulations." In discussing Lessons Learned, respondents reflected on past decisions to

improve future practices: "Each incident teaches us something new, leading to policy updates and enhancements in our training modules"

4. Discussion and Conclusion

The qualitative analysis of semi-structured interviews with participants from high-risk industries revealed four main themes central to understanding strategic decision-making: Risk Assessment, Resource Management, Decision-Making Processes, and Impact and Outcomes. Each theme was further subdivided into specific categories that encompassed various aspects of strategic decision-making, highlighting the complex interplay of factors that influence management practices in high-risk settings.

The theme of Risk Assessment was divided into several categories: Perception of Risk, Evaluation Methods, Impact of External Factors, and Mitigation Strategies. The Perception of Risk category captured concepts such as industry standards and past incidents, which shaped how risks were viewed within organizations. Evaluation Methods included tools like SWOT analysis and risk matrices, emphasizing the structured approaches used to assess potential threats. The Impact of External Factors category recognized the influence of elements such as regulatory changes and market volatility on organizational risk assessments. Lastly, Mitigation Strategies focused on how organizations plan to handle identified risks, including contingency planning and safety protocols.

Under Resource Management, the categories identified were Allocation Efficiency, Human Resources, Technological Resources, and Financial Resources. Allocation Efficiency dealt with how resources were prioritized and managed, with concepts like budget constraints and cost-benefit analyses. Human Resources highlighted the strategic use of personnel through staffing levels, expertise recruitment, and training programs. Technological Resources explored the adoption and integration of new technologies, which included data analytics and cybersecurity measures. Financial Resources discussed the management of financial assets, emphasizing funding allocation and cost control.

The Decision-Making Processes theme encompassed Approach to Decision-Making, Information Gathering, Decision Influencers, and Crisis Response. The Approach to Decision-Making category illustrated whether organizations preferred centralized or decentralized decision-making and their tendencies toward intuitive versus analytical

approaches. Information Gathering included methods and sources used to collect data necessary for making informed decisions. Decision Influencers focused on the roles of leadership styles, stakeholder inputs, and external consultants in shaping decisions. Crisis Response captured the immediate and long-term strategies deployed in response to crises.

Finally, the Impact and Outcomes theme was broken down into Short-term Outcomes, Long-term Outcomes, and Lessons Learned. Short-term Outcomes considered the immediate effects of strategic decisions on financial performance and operational disruptions. Long-term Outcomes looked at broader impacts, such as changes in strategic positioning and market share. Lessons Learned focused on how past decisions influenced current practices, including updates in policies and improvements in organizational processes.

The results from the interviews underscored that risk assessment is a fundamental component of strategic decision-making. Participants highlighted various methods, such as SWOT analysis and scenario planning, aligning with the findings of AlAmeri et al. (2021), who emphasized the importance of comprehensive risk assessment frameworks in managing project-level risks effectively. Furthermore, the role of external factors, like regulatory changes and technological advancements, was frequently noted (AlAmeri et al., 2021). This observation is supported by Cromwell, Peacock, and Mitton (2015), who argued that 'real-world' decision-making must account for external pressures and the dynamic nature of high-risk environments (Cromwell et al., 2015).

In terms of resource management, this study's findings indicated that strategic resource allocation is not only about distributing financial resources but also about optimally leveraging human and technological assets. This multifaceted approach to resource allocation resonates with the arguments presented by Levinthal (2017) and Maksimovic and Phillips (2002), who discussed the importance of managing firm boundaries and internal capital to promote efficiency and competitive advantage (Levinthal, 2017; Maksimovic & Phillips, 2002). Additionally, the emphasis on human resources in decision-making processes reflects the findings by Busenbark et al. (2017), who pieced together the capital allocation puzzle across various organizational contexts, highlighting the strategic importance of human capital in achieving organizational goals (Busenbark et al., 2017).

The strategic emphasis on agility and flexibility in decision-making, as brought forward by the participants, aligns with the management strategies discussed by Bourgeois and Eisenhardt (1988). They noted that high-velocity environments require fast and often decentralized decision-making processes, a concept that was echoed in our findings where participants valued swift and adaptive decision strategies to cope with the uncertainties inherent in their industries (Bourgeois & Eisenhardt, 1988). This need for speed and adaptability in decision-making was further complicated by the varying degrees of market competition, a factor that Jia (2019) found to significantly influence the relationship between corporate social responsibility activities and firm performance.

The ethical dimensions of decision-making, particularly the considerations of equity and efficacy, were also highlighted in the interviews. These findings are supported by Guindo et al. (2012), who reviewed decision criteria for healthcare resource allocation and emphasized the balance between efficacy and equity (Jia, 2019). This balance is crucial in ensuring that strategic decisions do not disproportionately favor certain groups over others, particularly in resource-constrained settings.

This study's exploration of strategic decision-making in high-risk industries suggests several avenues for future research. For instance, examining the longitudinal impacts of strategic decisions on organizational resilience could provide deeper insights into the sustainability of these strategies. Additionally, the intersection of corporate governance and strategic decision-making, as explored by Zehir and Özşahin (2008), could offer a more nuanced understanding of how strategic decisions are formulated and implemented at different organizational levels (Zehir & Özşahin, 2008).

This study aimed to explore the strategic decision-making processes in high-risk industries with a focus on how risks are assessed and resources are allocated. The findings revealed that effective strategic decision-making involves a comprehensive and dynamic risk assessment approach, where external factors such as regulatory changes and technological advancements play a significant role. Resource allocation was found to be a multifaceted practice that extends beyond financial management to include the strategic utilization of human and technological resources. The study also highlighted the importance of agility and flexibility in decision-making processes to adapt swiftly to the inherent uncertainties of high-risk environments.

In summary, this research enhances our understanding of the complex mechanisms underlying strategic decision-making in high-risk industries. It underscores the importance of a holistic approach to risk assessment, the strategic management of diverse resources, and the need for agility in organizational decision-making structures. These elements are crucial for sustaining organizational performance and competitiveness in environments characterized by high uncertainty and potential risks.

The study's limitations are primarily related to its qualitative nature and the sample size. While the use of semi-structured interviews provided deep insights into the strategic decision-making processes of participants, the findings are inherently subjective and may not be generalizable across all high-risk industries or geographic locations. Additionally, the reliance on a relatively small sample of 22 participants limits the ability to capture the full diversity of strategic decision-making practices across different sectors and cultures.

Future research could aim to quantitatively validate the findings of this study by employing a larger and more diverse sample size, potentially including participants from various geographic regions and more varied high-risk industries. Moreover, longitudinal studies could provide insight into how strategic decision-making processes evolve over time in response to changes in external conditions and internal organizational dynamics. Investigating the impact of specific decision-making frameworks on organizational outcomes could also yield valuable information for both theory and practice.

The findings from this study suggest several practical implications for managers in high-risk industries. Organizations should consider implementing more robust frameworks for risk assessment that incorporate both internal and external factors. Additionally, there is a need for greater integration of resource management strategies that align financial, human, and technological resources with long-term strategic objectives. Managers should also foster decision-making environments that promote agility and flexibility, allowing their organizations to respond swiftly and effectively to unforeseen challenges. Finally, enhancing the ethical dimensions of decision-making, particularly those concerning equity and efficacy, will be crucial in maintaining stakeholder trust and organizational legitimacy in a highly competitive and risky business landscape.

Authors' Contributions

Authors contributed equally to this article.

Declaration

In order to correct and improve the academic writing of our paper, we have used the language model ChatGPT.

Transparency Statement

Data are available for research purposes upon reasonable request to the corresponding author.

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Declaration of Interest

The authors report no conflict of interest.

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Ethics Considerations

In this research, ethical standards including obtaining informed consent, ensuring privacy and confidentiality were considered.

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