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The Interrelationships among Governance, Strategic Management, and Decision-making: a Systematic Literature Review

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The Interrelationships among Governance, Strategic Management, and Decision-making: a Systematic Literature Review

العلاقة بين الحوكمة، والإدارة الإستراتيجية، وصنع القرار: مراجعة الدراسات السابقة

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Abstract

The purpose of this article is to confirm the interrelationships among strategic management, corporate governance, and decision-making. The article uses a qualitative approach, where a systematic literature review has been done through the internet and most reputable sites using the main keywords. Then after screening and selecting the suitable previous related literature, the researcher has analyzed them to come up with a suitable synthesis and recommendations. A systematic literature review revealed that there is a strong interrelationship among governance, strategic management, and decision-making, and are closely interrelated to each other as a vicious circle (triangle). The article uses a qualitative research approach to investigate the interrelationships among governance, strategic management, and decision-making, therefore empirical studies are needed to test and prove the interrelationships. Moreover, the article recommends that organizations should have separate functions for both strategic thinking and strategic planning. Practical Implications: Organizations should select a good governance board that can develop suitable strategies and makes wise decisions. Governance board composition variety and participation are very important for strategy development and decision-making, which enable the board and other managers to make a suitable decision in time. Finally, during strategy development, the governance board should consider corporate social responsibility and other legal and ethical issues.

Keywords: Strategic management, Strategic thinking, Strategic planning, Corporate governance, Decision-making, Systematic literature review.

الملخص

يهدف المقال إلى تأكيد العلاقات المتبادلة بين الإدارة الإستراتيجية وحوكمة الشركات وصنع القرار. استخدم المقال المنهج النوعي، إذ تم إجراء مراجعة منهجية للأدبيات عبر الإنترنت والمواقع الأكثر شهرة باستخدام الكلمات المفتاحية. ثم بعد فحص واختيار المؤلفات السابقة ذات الصلة المناسبة، قام الباحث بتحليلها للتوصل إلى توليفة وتوصيات مناسبة. كشفت المراجعة المنهجية للأدبيات أن هناك علاقة قوية بين الحوكمة والإدارة الإستراتيجية وصنع القرار، وأنهم مترابطون بشكل وثيق مع بعضهم بعضاً على شكل حلقة مفرغة (مثلث). وقد استخدم المقال المنهج النوعي للكشف عن العلاقات المتبادلة بين الحوكمة والإدارة الإستراتيجية وصنع القرار، وبالتالي هناك حاجة إلى دراسات تجريبية لاختبار العلاقات المتداخلة وإثباتها. علاوة على ذلك، أوصى الباحث بأنه على المنظمات أن يكون لها وظائف منفصلة لكل من التفكير الاستراتيجي والتخطيط الاستراتيجي. التاثيرات العملية: يجب على المنظمات اختيار مجلس إدارة جيد يمكنه تطوير استراتيجيات مناسبة واتخاذ قرارات حكيمة. يعد تنوع تكوين مجلس الإدارة والمشاركة أمرًا مهمًا للغاية لتطوير الإستراتيجية واتخاذ القرار، مما يمكّن مجلس الإدارة والمديرين الآخرين من اتخاذ القرار المناسب في الوقت المناسب. أخيرًا، أثناء تطوير الإستراتيجية، يجب أن يأخذ مجلس الحوكمة في الاعتبار المسؤولية الاجتماعية للشركات وغيرها من القضايا القانونية والأخلاقية.

الكلمات المفتاحية: الإدارة الإستراتيجية، التفكير الإستراتيجي، التخطيط الإستراتيجي، حوكمة الشركات، اتخاذ القرار، مراجعة الأدبيات.

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Introduction:

We are living in a continuously changing environment with unknown upcoming crises. Nowadays, changes are accelerated and unexpected due to many reasons such as technological advancement pace, financial crises, demand fluctuations, and finally, COVID 19 crisis and its consequences. These changes and crises are continuously changing our lifestyles forever and creating new situations with new challenges that come up with opportunities and threats that affect all individuals and organizations whatever they do and wherever they perform their work. Any organization should adapt itself to these changes to be able to face new challenges successfully and survive. Adaptation to the continuously changing environment needs a good governance board that can develop and implement good strategies and makes suitable decisions at the right time. Decision-making aims to solve problems, exploit opportunities, and overcome challenges. Therefore, governance, strategic management, and decision-making are strongly interrelated with each other. In this article, I start with how people (leaders or managers) think when they develop and implement strategies and make their decisions to solve problems and overcome challenges. Followed the importance of governance, then the relationship among governance, strategic management, and decision making.

Generally, leaders and managers are divided into two types: the thinker and the planner. How people make their decisions and solve their problems is related to the physiology of the brain. The brain's pre-frontal area is responsible for decision-making (Beresford and Sloper, 2008). The brain is made of two hemispheres; left and right. The left hemisphere is responsible for rationality, order, logic, and analysis, while the right hemisphere is responsible for emotion, non-logic, and intuition. Therefore, people process information differently, and also they respond to problems differently (Taggart and Robbey, 1981). Henry Mintzberg stated that the right and left-handed thinkers have different roles during the planning process. The right-handed people are analytical thinkers, while the left-handed people are creative thinkers, both are important for each organization (Mintzberg, 1994). People's behaviors are related to brain structure levels, so thinking styles can be divided into two styles based on rationality and intuition (Taggart and Valenzi, 1990).

Although physiology affects psychology, this article will not focus on physiological issues, it will focus only on psychology measures used to evaluate thinking through the cognitive approach. The cognitive approach is based on information gathering and information evaluation, both depend on perception and judgment. According to Taggart and Robbey (1981), decision-making thinking styles are divided into four categories: sensation and thinking; intuition and thinking; sensation and feeling; and intuition and feeling. While Taggart and Valenzi (1990) developed an information processing metaphor and divided decision making into six criteria based on rationality and intuition, where rationality includes three styles: analysis; planning; and control, and intuition also includes three styles: sharing; vision; and insight, consequently from most rational to most intuitive style. Beresford and Sloper (2008) stated decision-making is an outcome of evaluation and judgment processes. The majority of psychologists use a cognitive approach to explain decision making, some authors divided the cognitive approach into normative cognitive and descriptive cognitive, while others divided it into a normative approach and adaptive approach. The normative approach is related to reasons, and the descriptive approach is related to evidence, while the adaptive approach is related to emotions and objectives to match the situation. Moreover, some psychologists use heuristic theory to explain the decision-making process based on causes or reasons for action, others used reasoned action theory to explain attitudes and behavior. Generally, behaviorists relate performance to perception and intention, which includes beliefs and expectations about the outcome from behavior. The cognitive approach is defined as how information is gathered, assessed, and compared. Bañuelos and Verstynen (2019) concluded that the quality of decision-making depends on how communications between separate parts of the brain and how they interact with each other. This interaction influences human behavior, which is based on brain structure and connectivity networks.

Finally, people are thinking differently when they are facing any problem or when they need to make any decision. There are many theories about the thinking process, which are coming from different perspectives: physiological perspective,

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psychological perspective, philosophical perspective, and many other theories such as heuristics theory, reasoned action theory, and behavioral theory. All these theories are trying to explain and understand how people think when they are going to make decisions and solve problems. Physiologists divided thinking styles based on brain structure into two main styles: the left side (right-handed people) is responsible for logical and analytical processes, and the right side (left-handed people) is responsible for intuitive and emotional processes. Psychologists believe that physiology affects psychology, and decision-making and problem-solving depend on cognition i.e. how people gather, analyze, and evaluate information within a specific situation and environment, and how they act accordingly. Generally, we can say that how the brain perceives and processes information (collecting, evaluating, and judging) affects the quality of the decisions and how people solve their problems. Thus, selecting suitable people in the governance board to guide and manage strategy development and implementation affects decision-making processes especially in the current fast-changing environment. Therefore, this article aims to discuss the interrelationships among governance, strategic management (strategic thinking and planning), and decision making, as these three variables affect each other as a vicious circle. The article also aims to provide sound recommendations to individuals, groups, and organizations on how to prepare themselves for upcoming challenges.

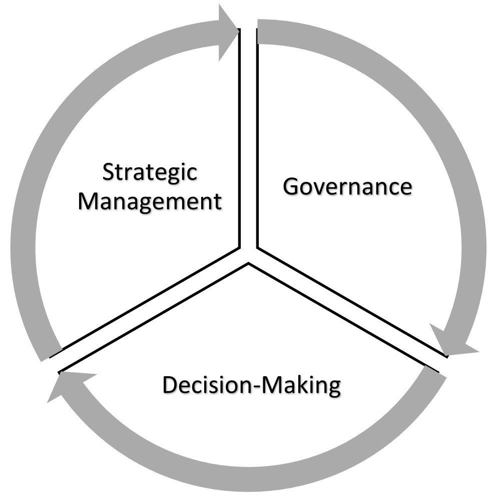
Article Main Question or Assumption:

The current circumstances i.e. fast technological development, globalization, financial crises, and other unexpected crises such as COVID 19, lockdown, and so on, are affecting everything in our lives and creating new challenges, therefore, individuals and organizations need to be proactive and agile (sense and respond) to be able to survive and grow, so they should expect what is coming? When? And how it will affect them? They should have good governance to develop and implement good strategies as well as to make suitable decisions to face such challenges. Therefore, the assumption of this article is: there are strong interrelationships among governance, strategic management, and decision-making and they affect each other as a vicious circle.

Article Model:

After a systematic review of many pieces of literature related to governance, strategic management, and decision-making, it has been found that they are closely interrelated with each other as a vicious circle. Therefore the following model has been suggested.

Study Model:



Methodology:

The article employs a qualitative research approach to answer the main article assumption about the interrelationships among governance, strategic management, and decision-making through a systematic literature review. Recently, a systematic literature review methodology has been widely used as a method for getting evidence from multiple sources (Oliver *et al.*, 2005), it is a robust tool that provides inclusive and repeatable conclusions of evidence to improve decision-making (Bilotta *et al.*, 2014). It involves a comprehensive search for related literature, integrating their results to improve evidence quality and answer a specific research question by doing the best synthesis (Siddaway *et al.*, 2019), so it is widely used in decision making and different sciences (Ferguson *et al.*, 2020), such as business, management, medical, and other academic research to increase knowledge (Linnenluecke *et al.*, 2020).

The systematic literature review is directed to answer one question by using one method of synthesis. It includes five to seven steps: identifying and defining the research question and outlines; developing review criteria to identify relevant studies; inclusive searching relevant studies; assessing and qualifying the selected studies; classifying the data; synthesizing results, summarizing, and reporting (Khan *et al.*, 2003;

Harden and Thomas, 2005; Armstrong *et al.*, 2011; Ferguson *et al.*, 2020). Therefore, this article uses a systematic literature review of previous related literature with keywords governance and strategic management, strategic management and decision-making, and governance and decision-making. The search was on the Internet through google scholar, then the most reputable Journals such as Emerald, Wiley, Inderscience, Springer, Elsevier, Taylor and Frances, Academia, IGI, and many others. After screening the related literature and excluding most of the books, dissertations, and theses, the remaining only 70 papers are related to the article question. Then the data are collected, categorized, analyzed, and summarized. Finally, the synthesis of the interrelationships among governance, strategic management, and decision-making is developed followed by conclusions, recommendations, practical and social implications.

Literature Review:

The literature review section includes three parts, the first one is related to strategic management (thinking and planning), the second part includes governance, and the third part discusses the interrelationships among governance, strategic management, and decision making.

Strategic Management (Strategic Thinking and Strategic Planning) and decision-making:

Strategic management includes strategic thinking, strategic planning, and strategic implementation. Strategic thinking is completely different from strategic planning. Strategic thinkers compared to others view the world around them differently, they set and select their goals and objectives, define and choose their actions also differently (Stumpf, 1989). Strategic thinking is thinking about alternatives and solutions; it creates a novel strategy; it is a flexible process to align with environmental changes (Mintzberg, 1994). Strategic thinking is related to personality types and evaluated by psychological measures of thinking which are divided into two stages: data collection and evaluation. Data collection is based on sensation and intuition; while data evaluation is based on feeling and logic (Jung, 1971; Hellriegel *et al.,* 2001), also the problem-solving process is based on the cognitive approach, which includes data collection, evaluation, and interaction (Mckenney and Keen, 1974). Strategic thinkers are evaluated by their cognitive logic, which is about how their minds identify threats, opportunities, weaknesses, and strengths; and how they adapt to changes and new challenges (Daghir and Al Zaydi, 2005). Strategic thinking uses logic, rationality, and creation to solve problems associated with rapid changes and new challenges. It is based on interaction among the individual, group, and organizational context, which affect thinking, attitude, and behavior (Bonn, 2005). Drucker's strategic meta-thinking pattern uses the following three techniques for problem-solving, asking in-depth questions and generating creative alternatives; simplify both questions and answers; and assessing the consequences of each alternative (Zand, 2010). Strategic leaders set the organization's vision and direct the organization to align with environmental changes, and they are responsible for making decisions to improve the performance (Dufour and Steane, 2014). Strategic thinkers concern about results more than processes or behaviors; unique actions rather than general actions; benefits more than systems; learn by experience (trails and errors); use holistic and comprehensive approach; and concentrate on vision, mission, strategy, and how to achieve goals (Goldman *et al.,* 2015). According to behaviorists, strategic thinking behaviors include conceptualizing, analyzing, and understanding the interaction between internal and external environments at all levels: individual, group, organization, and environment (Goldman and Scott, 2016), and should be evaluated by five factors: conceptual thinking, systematic thinking, intelligent thinking, future thinking, and opportunity thinking (Salavati *et al.,* 2017).

Frederick Taylor concluded that strategic thinking is completely different from strategic planning, and organizations should have two separate functions, strategic thinking function, and strategic planning function. Strategy development involves analysis and synthesis. Strategic planning is about analysis, while strategic thinking is about synthesis (Mintzberg, 1994). Strategic planning uses information of the history, time, motion, resources, prediction, forecasting, future, and expectation. According to Planning-Allocating-Monitoring Cycle (PAM), the planning process involves seven steps: setting goals and objectives, identifying factors that affect these goals and objectives, identifying possible future challenges, defining alternatives, evaluating alternatives consequences, selecting the best alternative to match with resources, and environment,

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implementing the alternative, and monitoring activities that lead to intended results (Amara, 1980). Developing a successful business strategy needs good strategic planning, it involves analyzing the data, generating creative ideas, and top management commitment (Bandrowski, 1984). The strategic planning process includes six basic steps: setting the organizational goals; scanning the environment; assessing internal assets; developing a suitable organizational structure; selecting and implementing strategy; feedback including impact on the environment (Bailey, 1989). Strategic planning should consider three points: recognizing and understanding the environmental complexity and underlying causes; adopting suitable emergent and flexible processes for strategy making; and aiming to maximize competitive advantage by actions (Luby, 1996). In business, strategic planning is called business planning, which assumes that the future will be similar to the past. Therefore, the future can be predicted, and planning can be used for the long term. Only when the environment starts changing and the assumptions are not valid, then the business plans should be reviewed (French, 2009). A survey about the role of strategic planning during the 2008 financial crisis concluded that organizations that used strategic planning to make strategic decisions were more ready for the economic crisis and have more opportunities for success (Wilson and Eilertsen, 2010). There are two views for strategy making to match with changing situations: formal process and adaptive process. The two approaches are not alternatives to each other, they are complementary to each other (Pretorius and Maritz, 2011). Top management commitment and stakeholders' involvement are curial for strategy development, which aims for improving, developing, and sustaining progress (Al-Turki, 2011). Strategic management is the key process to achieve organizational vision, strategy, and objectives. All organizations should perform strategic management practices to ensure that they fit within their environment (Sharabati and Fuqaha, 2014). Strategic management is a continuous process related to activities and actions, it should be applied to all organizations in both the private and the public sectors (Denkova and Denkova, 2016). Anyway, until now there is neither consensus about the strategic planning process, nor about its components, which can be used by all organizations, sectors, industries, and countries, but at least there is an agreement upon the following five common strategic-planning actions: participation and involvement; long time range; broad commitment; implementing and monitoring; finally aligning activities to support strategy (Kachaner *et al.*, 2016)

Moreover, scenario planning is used for strategic planning when there is a shortage of knowledge related to a future event, trend, and outcomes, it is a process approach to strategy that considers unexpected outcomes. A scenario is a probability of possible options, which cannot be controlled by planners (Schwartz, 1996). Scenario planning includes the following steps: scanning the external environment; identifying external factors that influence scenario planning; developing different scenarios that related to different future possibilities; comparing each scenario with current strategy; evaluating the results of each scenario; using sensitivity test to each possible scenario alternative and testing its effect on the chosen decision; finally develop contingency plans (Raspin and Terjesen, 2007). Organizations are usually using strength, weaknesses, opportunities, and threats (SWOT) analysis for the strategic planning development as an intuitive tool, and it is based on aligning the internal resources to the external situation; and matching the internal capabilities and competencies with political, economic, social-cultural, technological, and regulatory (PESTEL) factors **(**Agarwal *et al.*, 2012). Card games have been developed to help people to focus on developing personal strategies on how to overcome problems and challenges in work and life and called it ProblemUp. These cards are used to develop metacognitive skills and to solve unconventional problems, which require strategic and creative thinking. Metacognitive is a higher-order thinking skill, which means beyond (Greenberg, 2005). Also, ProblemUp model has been used to develop a learning experience and confirm it, motivate people, understand their feelings, and how people make meanings. Metacognition involves options and the consequences of each option. It learns how to be flexible and creative while developing strategies (Marone *et al.,* 2016).

In summary, I can conclude that strategic management includes strategic thinking, strategic planning, and strategic implementation. Strategic thinking is completely different from strategic planning, but they complement each other. Both functions are necessary for each organization but they should be separated from each other because strategic planning concerns data collection and analysis, while strategic thinking concerns synthesis. Strategic thinking is high-order thinking, it is about how people use their brains to solve problems and make decisions, and it is based on both imagination and expectations about the future. It is about how people use their brains for sensing and feeling the world around them, and how people collect, process, evaluate, and judge information, then how they respond and react to the specific situation considering the environment. Strategic thinking is based on gut feeling, gut instinct, intuition, anticipation, inspiration, and spirit. It is about synthesis more than analysis. A strategic thinker mindset can conceptualize what others cannot, his/her action is based on agility, which means sense (feel) and response. While strategic planning is based on perception, expectation, prediction, and forecasting, it uses history for present and future planning, it assumes that similar events and trends will be repeated. It is about scanning internal and external environments; gathering, analyzing, assessing, and evaluating information to understand trends, events, and factors that affect the future. It is about ordering, organizing, and allocating resources to achieve the organization's vision, mission, and strategy. It is about implementing, monitoring, and controlling activities to come up with feedback. Strategic planning uses different tools such as scenario planning, SWOT analysis, PESTEL analysis, and many other tools and models. Finally, strategic thinking is about developing a suitable vision, mission, strategy, goals, objectives, and setting criteria for evaluation and selection while strategic planning is about implementing and controlling activities to achieve an intended strategy.

Governance and Decision-making

The World Bank (1992) describes governance as to how people can manage, exercise, and control the power and authority to use the resources efficiently and respond to changing environments. UNDP (1997) stated that good governance concerns political, economic, and social factors during decision-making related to resource allocation, this process should be based on social consensus. According to Board (1999), the International Fund for Agricultural Development (IFAD) governance is evaluated by four criteria: participation, rules of law, accountability, and transparency. Also, governance concerns decision-making related to three dimensions: social activities, economic activities, policy formation system, and policy execution system. OECD (2004) stated the main role of corporate governance is to improve economic efficiency and growth. Corporate governance is a framework based on principles that separate ownership from control, and about responsibility and authority distribution among players. Durden and Pech (2006) mentioned that governments and regulatory bodies use legal, regulatory, and internal control mechanisms as a proactive approach to direct corporate governance to reduce corporate mismanagement and to provide better protection for shareholders and other stakeholders, as well as, to prevent corporate scandals and collapses. UN (2008) stated that governance refers to the processes in government actions and how things are done, not just what is done. Brauer and Schmidt (2008) stated that the role of the corporate governance board is to ensure consistency between resource allocation and the organization's intended strategy through ensuring strategy implementation and control. UNDP (2011) stated governance goal is to drive the institutions to perform better and respond to the changing environment and crises. It depends on institutional systems and qualities that contribute to decision-making processes. According to UNDP (2014), the General Assembly resolution 66/288 stated good governance considers the rule of law at the national and international levels and includes sustainable development (economic growth, social development, environmental protection, and the fighting poverty and hunger). Nasereddin and Sharabati (2016) concluded that the governing board is responsible for decision-making and problem-solving. Governance is a set of principles, policies, regulations, and procedures that direct and control the organization's practices and defines the relationships with stakeholders. Governance is about how to rationalize power during decision-making. Vitolla *et al.*, (2017) stated that the board of governance is responsible for integrating corporate social responsibility with strategy, which emerges from corporate social management philosophy. Sharabati (2018) concluded that organizations that concern about society, economy, and environment have better chances to perform successfully at local, regional, and international levels. E-Vahdati *et al.*, (2019) concluded that good corporate governance is responsible for integrating sustainability with the organization's vision,

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mission, and strategy. Finaly, Kanadl *et al.*, (2020) said that the diversity of the corporate governance board plays an important role in decision-making and improving strategic performance.

In summary, it seems that until now there is neither a clear definition for governance nor consensus on its components. Nevertheless, there are common criteria to evaluate governance board activities. During decision-making, good governance considers the interest of all stakeholders including the shareholders, customers, employees, government, community, and environment. Governance is a process about how things are done and how decisions are taken rather than what are the results. Governance is about how to use resources effectively and efficiently, and it is about power rationalization during decision-making, how to distribute power and authority among players, players roles and responsibilities, accountability of each player, it also includes stakeholders' rights; equitable treatment; integrity; ethical behavior; disclosure; and transparency. Moreover, it includes corporate social responsibility (social, economic, and environmental responsibility), national and international norms, ethics, hunger and poverty, peace, and security. As a result, the governance board is responsible for developing strategies and making decisions.

Strategic Management, Governance, and Decision-Making:

The decision-making process requires higher commitments of time and energy, it involves executive and non-executive directors for contributions in strategy development (Cutting and Kouzmin, 2002). Corporate governance defines the role of directors in the decision-making process because directors should be involved in the strategic decision-making process to ensure corporate governance compliance (Scherrer, 2003). Corporate governance also defines the decision-making process and determines how to do investigations, how to collect and evaluate evidence, and how to decide on what is truth through using description, analyses, evaluation, and judgment (Dixon and Dogan, 2003). Governance practices ensure integrating strategic planning with the business by setting goals and objectives with specific initiatives and ensure successful implementations (Marshall and McKay, 2004) and support the integration of corporate social responsibility principles and stakeholder interests into business strategy (Galbreath, 2006; Katsoulakos and Katsoulacos, 2007). Corporate governance broad should involve owners and managers during strategy development and decision-making (Elenurm *et al.*, 2008; Brauer and Schmidt, 2008) to increase their commitment and trust, and improve strategy development and implementation (Vu and McIntyre-Mills, 2008), therefore, strategic meetings and workshops are crucial for the strategy-making process, they facilitate knowledge sharing and encourage consensus (Schwarz, 2009). Organizations that use strategic thinking and strategic planning in decision-making to align the organization with a complex, dynamic, and changing environment have more opportunities for success (Wilson and Eilertsen, 2010; Steptoe-Warren *et al.*, 2011).

The strategy-making process is critical for governance leaders, who are change agents and should lead to sustain success and serve all stakeholders. Leaders have to understand both strategy making and strategy implementation (Maritz *et al.*, 2011). The role of governance is to align strategy with the business environment and assess performance (de Souza Bermejo *et al.*, 2012). Governance is responsible for developing vision, mission, goals, and objectives, as well as, allocating resources, implementing policies, and plans (Abadi and Nematizadeh, 2012; Tarcza *et al.*, 2012). Governance includes management participation and involvement in strategy development to enable them to develop a shared language to assess problems, and challenges, and have a common understanding of situations and risks (Sterling and Rader, 2012). Governance is responsible for strategic planning development and execution (Dabinett, 2013) and uses strategic planning for the systemic management of many complex issues and decision-making (Sumpor and Đokić, 2013). Strategic management is a process used by governance, which includes strategy development and strategy implementation. Strategy development focus on strategic decision-making, which involves participation (Xue and Guo, 2013). Adaptive governance and strategic planning are used to respond to new challenges emerging from the current situational dynamics. Systematic integration between governance and strategy planning approaches is needed for better decision-making (Birkmann *et al.*, 2014). Governance and strategic planning are correlated with each other. Both should consider economic and social factors (Buček, 2014). Participatory governance structures and processes create a comprehensive plan, which considers the economic, societal, and environmental factors, as well as welfare, education, culture, ecology, and environment during decision-making (Yim *et al.*, 2015). Corporate governance is responsible for organizations' processes through directing, controlling, and accountability. They should consider all stakeholders' interests and the whole society issues including corporate social responsibility, ethics, and code of conduct principles (Bonn and Fisher, 2015). Smart governance is the backbone of strategic planning, the successful governance structure is key for achieving business sustainable development (Elisei *et al.*, 2016). Cooperative strategic planning generates new governance, which encourages shared knowledge (Ioppolo *et al.*, 2016). Strategy making involves interactions among stakeholders to develop and codify strategy, it should consider stakeholder voices (Croft, 2016). In multinational enterprises, corporate social responsibility calls for large and different local and global stakeholders to participate in governance board and strategy development. Stakeholders from different subsidiaries play a crucial role in developing corporate strategy and including corporate social responsibility (Jacqueminet and Trabelsi, 2018).

In summary, from the discussion above, it seems that governance, strategic management, and decision-making are intercorrelated and can not be separated from each other. Governance is the backbone of smart planning and decision-making. Governance is responsible for developing a strategic plan and making suitable decisions to match with changes and new challenges. Both governance and strategic management are interrelated with each other and affect decision-making and problem-solving processes. They concern about developing vision, mission, strategies, setting goals and objectives, implementing, and controlling activities to adapt and align with the external environment. Governance sets rules for developing a strategic plan through a systematic approach and participation, it concerns decision-making systems and processes related to knowledge sharing, responsibility, accountability, participation, trust, social, economic, and environmental responsibilities. Good governance increases strategic planning effectiveness, improves resource allocation, dealing with environmental uncertainty and complexity. Strategic planning is crucial for governance and leadership success. Governance concerns principles, concepts, policies, guidelines, instructions, directions, procedures, and indicators to evaluate strategy success. Both governance and strategic management consider the social, economic, environmental, and ecological factors, as well as, welfare, ethics, code of conduct, and the interest of all stakeholders during decision-making. Finally, governance is responsible for developing strategies and making decisions to respond to new challenges.

Conclusion:

This article is dedicated to highlighting the topic of interrelationships among governance, strategic management, and decision-making. Strategic management includes strategic thinking, strategic planning, and strategy execution. Strategic thinking differs from strategic planning, but both are important for all organizations. Developing strategies are the responsibility of the governance board, which is responsible for developing strategies that align with environmental changes and respond to new challenges. Governance is a process related to how decisions are taken and how things should be done. Governance concerns managing resources and distributing power among players during the decision-making process. It considers all stakeholders' interests including the shareholders, customers, employees, government, community, and environment. It defines the roles and responsibilities of each player, and accountability for each player; it includes integrity, ethics, disclosure, participation, and transparency; and so many other things. It concerns corporate social responsibility (social responsibility, economic responsibility, environmental responsibility). Decision-making is a process of selecting the suitable or the best choice among alternatives after collecting, analyzing, and evaluating the options and alternatives. The decision-making quality depends on both governance and strategic management qualities, so good governance can do good strategic management to reach good decisions and vice versa. Therefore, there is a vicious circle (triangle) among these three elements where each one affects the other two elements.

Recommendations:

Since strategic thinking differs from strategic planning and both are crucial for all organizations, therefore, organizations should have both functions but separate from each other. Since

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governance is responsible for developing the strategy and choosing the best decisions, it should develop systems and processes for strategy development and decision-making. Governance should consider all stakeholders' interests such as owners, employees, customers, and government, as well as, corporate social responsibility (social, economic, environmental responsibility). Since this article is based on a literature review so there is a need for empirical studies to confirm the interrelationships.

Managerial and Practical Implications:

All organizations need to develop strategic decisions related to their future. Organizations managers and leaders have to understand the interrelationships among governance, strategic management, and decision-making to be able to respond to current fast-changing environments especially during the current COVID 19 crises. Organizations should select a good governance board that can develop suitable strategies and makes wise decisions. Governance board composition is very important that should use participation for developing strategies, which enable the board and other managers to make a suitable decision in time. Finally, during strategy development, the governance board should consider corporate social responsibility and other legal and ethical issues.

Social Implications:

Good governance considers corporate social responsibility during developing a long-term strategy, which includes social, economic, environmental responsibilities, as well as, ethics and code of conduct.

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