UAEU **Faculty of Business and Economics**

UAEU-FBE-Working Paper Series

Title: **Multi-Theoretic Perspectives of Strategy Processes**

Author(s): Said Elbanna

Department: Business Administration

No. 2011-09

Multi-Theoretic Perspectives of Strategy Processes

Said Elbanna[1]

Associate Professor of Strategic Management

Faculty of Business & Economics, UAEU

P.O. Box: 17555 Al Ain, UAE

Tel: (+971) 3 713 3421

Fax: (+971) 3 762 4384

Email: Selbanna@uaeu.ac.ae

Abstract

A central objective of this review is to update the literature on the role of contextual factors on the strategic decision-making (SDM). It reviews the theoretical underpinnings of four contextual perspectives that are thought to influence the SDM; top management characteristics, the decision-specific characteristics, the environmental determinism and the firm characteristics, as well as the key research efforts gathered together under each perspective. On the basis of this review, several directions, both methodological and substantive, for future research are highlighted and discussed.

Key words:

Contextual factors; strategic decision-making; literature review

---

INTRODUCTION

'*Every SD is unique and context-specific. Thus the broader context in which decision-making takes place has a marked impact*' (Papadakis & Barwise, 1997: 275). Hence, the strategic decision-Making (SDM) process cannot be properly understood unless we understand its context (Dayan et al., forthcoming; Elbanna & Child, 2007a; Pettigrew, 2003). Although the effect of the SDM process on strategic choices and organizational outcomes may appear intuitively obvious, this effect should be seen in the light of the observation that contextual variables play a role in determining strategic choices and organizational outcomes and thus reduce the importance of managers' choice processes. Brouthers *et al*. (2000) speak of a growing number of researchers who suggest that variant perspectives of the SDM process explain only a part of the process. Hough and White (2003), for example, assert that examining the SDM process without considering contextual factors provides an incomplete and perhaps inaccurate picture of the SDM process. Moreover, there is an interactive effect among these perspectives, which also explains another part of the process.

Notwithstanding the importance of previous reviews on the role of broader context in the SDM, a need for a further updated review in this arena is highly recommended. To the best of our knowledge, the last comprehensive critical review addressing this role was introduced by Rajagopalan *et al*. (1993). Moreover, although other reviews of the SDM have been introduced over the last fifteen years (e.g. Eisenhardt & Zbaracki, 1992; Schwenk, 1995), such reviews mainly focus on the SDM process dimensions and give little attention to the role of contextual factors in the SDM. For example, in the most recent review on the SDM, Elbanna (2006, 14) mentions that '*while this review tells us something about the role of some contextual variables, e.g. environmental uncertainty, in the SDMP, we still know a little about the role of other contextual variables in the SDMP. For example, what is the role of the national context in the SDMP? What is the relationship between top management characteristics, which may affect their perceptual and evaluational processes and the SDMP? ... Does the way in which decision-makers categorize and label a strategic decision in the early stages of decision-making influences the subsequent responses of the organization? Do external actors lead to more rational or political decisions? What is the role of company size in the context of strategic decision making? Given such questions and the above discussion, a next logical step in this line of critical review would be to review the role of contextual variables in the SDMP.*'

Although the differences among the theoretical and empirical models which have attempted to depict and explain the contextual factors affecting the SDM process (e.g. Bateman & Zeithaml, 1989; Baum & Wally, 2003; Brouthers et al., 2000; Bryson & Bromiley, 1993; Hitt & Tyler, 1991; Pettigrew, 1990; Rajagopalan et al., 1993; Schneider & Meyer, 1991), a careful review of these models allows us to identify four basic perspectives of antecedent factors influencing the SDM process; top management characteristics, the decision-specific characteristics, environmental characteristics, and the firm's characteristics.

With the above considerations in mind, this paper offers updated comprehensive review of the role of broader context in the SDM, in the expectation that this would help to fill a significant gap in the literature. The term broader context in this paper refers to the factors related to the above four perspectives. The remainder of this paper is organised as follows: first, we present a review of the existing literature on the influence of factors incorporated in our four perspectives on the SDM process; second, we examine the gaps in the existing literature, and outlines substantial directions for future research.

THE STRATEGIC OR MANAGEMENT CHOICE PERSPECTIVE

This perspective emphasises the role of the decision-makers. It stresses that strategic choices have a behavioural component and reflect the personal idiosyncrasies of decision-makers (Cyert & March, 1963). Child (1972) suggests that top management make the strategic choices. That is, they make decisions regarding the organisational goals, domains, technologies and structure of an organisation. These decisions are subject to a degree of environmental constraint, which may be open to some negotiation. Keats and Hitt (1988) agree with this perspective, suggesting that organisations interpret their environment, respond to those elements which are fixed and try to modify the other elements to their advantage.

This perspective is based on the extensive literature which has grown up in the area of behavioural decision theory (Hitt & Tyler, 1991). Research efforts prior to the advent of behavioural decision theory assume that rational actors can maximise their utility on the basis of complete and perfect information. However, behavioural decision theorists and strategists suggest that decision-makers often violate the assumptions of the rational model (e.g. Hambrick & Mason, 1984). They argue that complex decisions are mainly the outcome of behavioural factors, rather than of completely rational analysis based on complete information and that human variables can alter the SDM process. Some of the earlier authors (e.g. Andrews, 1971; Child, 1972) who proffer the rational or classical models of the SDM

4

recognise that the perceptual and evaluational processes of executives play a role in the SDM. More recently, others have examined the relationship between top management characteristics, which may affect their perceptual and evaluational processes and the SDM (e.g. Brouthers et al., 2000). In contrast to the prior discussion, some note that management characteristics may not influence the SDM process (e.g. Lyles & Mitroff, 1980).

The decision makers' personal characteristics can be divided into personality variables (e.g. need for achievement and risk attitude) and demographic variables. Demography refers to the composition, in terms of central attributes, such as age, sex, educational level and so forth, of the social entity under study. In understanding the influence of top team demography on the SDM process and outcomes, it is important to differentiate between demographic trait and diversity effects. The demographic trait effects declare that the extent to which a manager has a certain demographic trait can predict his perspectives and interpretations. Demographic diversity refers to the extent to which a top management team is demographically heterogeneous. Top team demographic heterogeneity proposes that decision-makers will gather information from a variety of sources and have various interpretations and perspectives (Dutton & Duncan, 1987) leading to high levels of creativity, innovation, effective discussions and, in turn, high quality decisions (Wiersema & Bantel, 1992).

However, diversity within a top management team's demographic characteristics has its costs. Such diversity will make communication among people who are not in the same cohort more difficult (McCain et al., 1983) and conflict more likely (Elbanna, 2009; Pfeffer, 1983). Therefore, very high levels of heterogeneity may have negative organisational consequences, e.g. an inability of decision-makers to make decisions. However, solidarity, sponsorship and mutual choice are likely to be found among similar people ((Pfeffer, 1983), leading to congruence in beliefs and perceptions of a firm and how it works (Tushman & Romanelli, 1985; Wagner et al., 1984) and to high consensus among decision-makers (Dutton & Duncan, 1987).

Social psychological research on decision-making groups shows that similar perceptions of members about values, beliefs and attitudes increase group cohesion. Cohesiveness is, in turn, expected to be associated with high conformity, high commitment to prior courses of action, propensity to maintain the strategic status quo, lack of openness to sources of information and interference with decision-makers' ability to fully use information (Wiersema & Bantel, 1992).

It should not be forgotten that the few studies which have been conducted on the role of top management characteristics on decision-making have produced mixed results; and no single

attribute of top managers has been investigated sufficiently to understand its full role in the SDM (Finkelstein & Hambrick, 1990) and this continues to the present. However, previous studies, which have investigated the role of managers in firms, have focused for the most part on the variables of age, tenure, experience and educational background. These characteristics will be addressed in turn.

Age

Managers' age is expected to affect strategic decision processes (Child, 2002). For example, younger managers may place a greater value on participation in decision-making than do older managers (Ireland, 1987). Research has suggested that flexibility decreases, while rigidity and resistance to change increase with age. This may be due to the fact that both financial and career security may become very important to older managers. As a result, older managers tend to be more conservative in making strategic decisions (Brouthers et al., 1998) and may tend to avoid risky decisions, which include major changes in the strategic direction of a firm, while, as suggested by Hambrick and Mason (1984) younger executives tend to make riskier strategies. Wiersema and Bantel (1992) support this notion empirically.

Schermerhorn *et al.* (2003) argue that older managers are susceptible to being stereotyped as inflexible and undesirable in other ways. Greening and Johnson (1996) state that younger managers tend to seek additional information in making decisions, to evaluate information more accurately, to place greater emphasis on participative management and to bring better resources to decision-making. Hitt and Tyler (1991) report that managers' ages influence the strategic evaluation of candidates for acquisition. In contrast, Bantel (1993) finds that low age does not have any influence on the SDM process. He suggests that it is not managers' age which affects strategic processes but rather, the number of years, which managers have spent within the firm.

People of similar age tend to experience many similar non-work experiences and to develop similar attitudes, values, beliefs and perspectives (Ireland, 1987; Rhodes, 1983). On the other hand, diversity in a teams age may lead to a variety of perspectives on the strategic issues facing a firm (Wiersema & Bantel, 1992), many innovative alternatives to decision-making (Bantel & Jackson, 1989) and enabling firms to develop more responsive practices in the face of threats (Greening & Johnson, 1996). There are, nevertheless, other findings in which heterogeneity in age has no significant effect on strategic change (Wiersema & Bantel, 1992).

Tenure

Tenure may qualify as having the most significant theoretical footing of all demographic characteristics (Pfeffer, 1983). There are several alternative measures of managerial tenure, including tenure in position, tenure in the top-management team, tenure in the organisation and tenure in the industry. Team tenure or tenure in the top-management team refers to the average length of time for which executives have worked together as a team or group. Organisational tenure indicates the period spent by a manager in the organisation. Tenure in the organisation can be considered as the tenure variable most highly correlated with other tenure measures. Therefore, it serves as a central and a parsimonious indicator of the broad concept of tenure. Furthermore, the other measures of tenure yield patterns which are generally very similar to those reported for tenure in the firm (Finkelstein & Hambrick, 1990).

Greening and Johnson (1996) claim that prior research suggests a relationship between organisational tenure and increased rigidity; commitment to standardised practices; a reduction in information processing over time and cohesion; and lastly entrenchment. Therefore, long tenured top managers may be more committed to the status quo (Staw & Ross, 1980); more understanding of organisational policies and procedures (Kanter, 1977); more convinced of the wisdom of the organisation's ways (Wanous & Youtz, 1986); and entrenched and be less receptive to change (Wiersema & Bantel, 1992).

Long tenured teams can reduce dependence on outside sources of information because they become less receptive toward communications, which may threaten their patterns of behaviour. At the same time, short tenure teams have fresh, diverse information and more propensity to taking risks and often depart widely from their industry conventions. As tenure increases, managers' perceptions become very restricted and risk taking is avoided (Finkelstein & Hambrick, 1990). In conclusion, inertia toward change appears to be more prevalent in firms with greater average organisational tenure (Wagner et al., 1984).

Heterogeneity of team tenure indicates that the members of the management team have been promoted at different times. When top managers' teams have more variation in their organisational tenure they tend to be less socially cohesive, producing differences in knowledge and perspectives on the strategic issues between them (Schwenk, 1988; Wiersema & Bantel, 1992) leading to more effective strategic decisions (Greening & Johnson, 1996).

Experience

Experience includes two aspects: the amount of work experience and the type of work experience. Both aspects are important. Some authors suggest that managers' perception of the environment and strategy of their organisations is shaped by their experience (e.g. Markoczy, 1997; Tyler & Steensma, 1998). Therefore, the amount of decision makers' experience may affect the processes used in making strategic decisions. For example, Hitt and Barr (1989) found that more experienced managers made compensation decisions in a different way from less experienced managers. Fredrickson (1985) reported that contextual factors influence the decision-making processes of inexperienced executives; while they may not affect the decision-making processes of experienced executives. Hitt and Tyler (1991) found that the total amount of work experience moderated the relationship between objective criteria and the evaluation of strategic acquisition decisions.

The type of experience also may affect strategy processes, choices, and performance. Many authors have generally supported this idea (e.g. Greening & Johnson, 1996; Hitt & Ireland, 1986). This supports the view that companies reflect the backgrounds of the most powerful top-managers, who define the problems and determine the range of strategies pursued by companies to resolve problems (Chaganti & Sambharya, 1987).

The heterogeneity in the functional experience of top managers may lead to greater mastery of information and information exchange and a better understanding of strategic decisions (Schwenk, 1988). Greening and Johnson (1996) argue that the homogeneity of functional backgrounds should lead to the social cohesion of top team members, because they develop a similar frame of reference and common schemata for the SDM. Homogeneity and social cohesion have been shown to be related to a failure to realistically assess alternative courses of action (Whyte, 1989). Finally, Hitt and Tyler (1991) argue that the relationship between experience and strategic decision may be more complex than is suggested by previous research. For example, they criticise Walsh's (1988) study arguing that his findings may not be completely generalisable to top executives because his sample seemed to be dominated by middle managers in mid-career with an average age of 38.

Educational Background

The educational background of the executives represents an indication of the executives' knowledge and skill base (Hambrick & Mason, 1984). Hitt and Barr (1989) find that decisions differed according to the level of formal education among managers. Depending on

the amount and type of education undergone by executives, one could predict their values and cognitive preferences, which in turn affect their SDM. Education level has been found to be related to the extent of everyone's information search and analysis (Dollinger, 1984). For example, highly educated managers are likely to conduct more financial reporting (Bantel, 1993; Papadakis et al., 1998); make more strategic changes (Wiersema & Bantel, 1992); and have more capacity to comprehend environmental and organisational problems from several perspectives; and better able to act in response to ill-structured situations such as strategic decisions (Greening & Johnson, 1996).

But there is another line of argument, which is education level may not affect the SDM process (e.g. Hitt & Tyler, 1991). For example, Bantel (1993) does not find a relationship between education and strategic decision formality. He adds that this finding should not be interpreted as meaning that education does not help managers to make better decisions, but that this finding indicates that experience has a more critical influence on decision-making than formal education has, in particular because higher-level managers often received their formal education many years previously.

Regarding the type of educational specialisation, the selection of a curriculum for study reflects a manager's cognitive style and personality; furthermore, the curriculum pursued form the executives' perspectives and points of view (Wiersema & Bantel, 1992). For example, Hitt and Tyler (1991) conclude that the type of academic degree affects the evaluation of acquisition candidates. Wiersema and Bantel (1992) declare that certain educational fields, i.e. science and engineering, are more oriented toward change in corporate strategy than others are. Recently, Alkaraan and Northcott, (2006) conclude that decision-making style in UK companies influenced by CFOs' type of education. As argued by Alkaraan and Northcott , CFOs' are most likely former business students, who tend to score highest in the analytical style of decision-making. The above conclusion is not surprising, given the emphasis that formal education, particularly business education, gives to developing rational thinking. For instance, courses in accounting, statistics, and finance all stress rational analysis. This can help us to understand how individuals from different educational background might differently approach a decision problem.

THE DECISION-SPECIFIC CHARACTERISTICS PERSPECTIVE

It has been argued that the way in which decision-makers categorise and label a strategic decision in the early stages of decision-making strongly influences the subsequent responses

of the organisation. For example, it is likely that the nature of the problem to be solved will be a principal determinant of the degree to which decision-makers use both formal and/or incremental processes in decision-making (Elbanna & Child, 2007a). Hickson *et al.* (1986) conclude that the issue being decided has the most pervasive effect on SDM processes. Hough and White (2003) suggest that 19 percent of the variation in decision quality is explained by the differences between decisions.

However, our understanding of the role of decision-specific factors in the SDM process is still limited. Rajagopalan *et al.* (1997) point out that this kind of research has been received very limited attention in the literature and it is difficult to draw general conclusions. They suggest that the lack of generalisability may be due to three factors. First, there is still only a limited consensus among researchers concerning the definition and operationalisation of important decisions. Second, most studies addressing the effect of the decision context on process characteristics do not control, or simultaneously study, the influence of the environmental and organisational contexts. Third, previous research has largely ignored the outcomes of the SDM process. As Wilson (2003) states it would be only painting half the picture if we did not couple the strategic decision process to organizational outcome. Papadakis *et al.* (1998) draw attention to two more important points, which are that most of the empirical work focuses on: Fourth, a single decision-specific characteristic and its influence on aspects of the decision-making process; or Fifth, the early stages of identification and diagnosis of the issue.

Given the capacity of this review, three characteristics (i.e., decision importance, decision uncertainty and decision motive), which have been a subject of considerable interest in previous research, will be discussed in this review (Dayan & Elbanna, forthcoming). Papadakis *et al.* (1998) find that these characteristics significantly influence some dimensions of the SDM process more than other environmental, organisational and managerial factors. Elbanna and Child (2007a) partially support this finding.

Decision Importance

Given the limits on managers' time and attention in addition to not all strategic decisions are equally important, decision- makers may deal with these decisions in different ways. For example, it is expected that decision-makers will feel a greater need to demonstrate rationality for the most important decisions or projects (Dayan & Elbanna, 2011). There are symbolic as well as functional reasons behind this assertion. A cost/benefit analysis supports the above view. Papadakis *et al.* (1998) empirically support the above argument, finding that the

perceived magnitude of impact of a strategic decision is among the strongest explanatory variables of decision-making behaviour. They found that the magnitude of the impact is positively associated with comprehensiveness and financial reporting. Judge and Miller (1991) conclude that decision-making speed explained much less variance in the performance indicators after organisational size and decision importance were controlled. Contrary to the above, others report that there was neither relationship between decision importance and the SDM process (e.g. Dean & Sharfman, 1993) nor moderating effects of decision importance on the relationship between the SDM process and outcomes (e.g. Elbanna & Child, 2007b).

Decision Uncertainty

Decision-making, especially of the non-routine kind, is liable to be considered with uncertainty. As Butler (2002) points out, coping with decision uncertainty forms the nub of decision-making. '*The degree of choice will therefore be limited not only by action determinism and the constraints of intra-organisational political process; it will also be inhibited by limited and/or ambiguous information*' (Child, 2002: 113). The decision-makers face uncertainty when the problems are complex, novel and have unclear means-ends relations (Dayan et al., forthcoming; Sharfman & Dean, 1997). Uncertainty here refers to a specific decision, as opposed to environmental uncertainty in general. Lyles (1981) and Papadakis *et al.* (1998) report that decision uncertainty is positively associated with politicisation. They argue that when uncertainty exists about the actions to be taken and/or the information to be collected, one may expect to find both a clash of opinions during the initial stages of problem formulation and a surge of political activities during the issue resolution process. There are two points of view concerning the influence of uncertainty on rational procedures. First, uncertainty will increase the rational processes of decision-making to collect and analyse the data required for filling the gap between the information which one has and the information which one needs to perform a task (e.g. Bourgeois & Eisenhardt, 1988). Second, uncertainty is a mystery which cannot be resolved by rational processes. Therefore, uncertainty will decrease rational processes (e.g. Butler, 2002; Dean & Sharfman, 1993).

Decision Motive

Strategic decisions which are viewed as crises are those in which decision-makers (a) believe there is pressure to initiate action and that action or failing to act could have a negative impact on the organisation; (b) believe they have little control over the issue and (c) may perceive

that the survival of the organisation is at stake. We can describe opportunities as being exactly the opposite. The way in which decision-makers categorise and label a strategic decision as an opportunity, or a crisis is rich in meaning and importance (Ashmos et al., 1998) because it strongly affects the subsequent processes of decision-making (Child, 2002). The diagnosis of issues may identify who will be involved in an issue, what role each participant is likely to play, and the amount of resources allocated to an issue (Dutton et al., 1990). A crisis may be seen as a '*constructive earthquake*', which pushes decision-makers to think '*out of the box*' and create new ideas and decisions which they have never thought of before (Papadakis et al., 1999: 35); hence, the process of the resolution of a strategic issue becomes more difficult.

There is evidence that executives behave in a different way if they perceive a decision as an opportunity, as opposed to a crisis. Mintzberg *et al.* (1976) and Fredrickson (1985), for example, conclude that the SDM process was more comprehensive when the decision was interpreted as a crisis as opposed to an opportunity. This is in accord with Elbanna and Child (2007b) when they found that the relationship between rationality and strategic decision effectiveness is positive, but stronger for decisions perceived by decision makers as crises than for decisions perceived as opportunities. Papadakis *et al.* (1999) suggest that not only may an organisation behave rationally or politically in a given decision and not in another one, but the same process of decision-making within the same organisation may change from being rational or political to being irrational or non-political because of changes in the decision motive.

THE ENVIRONMENTAL DETERMINISM PERSPECTIVE

According to the environmental determinism perspective, strategic decisions express adaptation to the environment and the role of decision-makers is minimised to ways of facilitating this adaptation. Previous research has attempted to capture environmental influences on decision processes either in terms of external control, such as governmental agencies, customers, suppliers, competitors and unions; or in terms of environmental attributes such as uncertainty, complexity and hostility. In the next two sections, the role of external control and environmental attributes in the SDM will be discussed in turn.

External control

External control can be defined as '*the degree of influence exerted on the firm by external actors*' (Dean & Sharfman, 1993: 591). External actors play a critical role in some strategic decisions (Child et al., 2010). For example, when the organisation is subject to external

constraints from government agencies, banks, creditors, customers, suppliers or trade unions, the use of power in organisational decision-making may be less (Pfeffer & Salancik, 1974). The premise behind this perspective is that organisations are part of a larger world, which includes other parties with which organisations interact and exchange everything from material to information (Hickson et al., 1986). This interaction and dependency relationship creates a situation in which strategic decisions may be changed by an external group which has what Michael Porter calls '*power*' over the firm (Brouthers et al., 1998).

For example, when decisions are subject to a review by outsiders, decision-makers will take pains to demonstrate that their decision processes are systematic (Fredrickson & Iaquinto, 1989) to persuade those who have control over them that their process of decision-making is legitimate and their choices therefore are valid (Mueller, 1998). This line of reasoning is consistent with Langley's (1989) arguments that some organisations may use formal analysis procedures for symbolic purposes. We may argue that the societal norms of rationality encourage decision-makers to adopt formal analysis to legitimise their activities and enhance their views, even if these procedures do not serve any instrumental purpose. In contrast to the above argument, Dean and Sharfman's (1993) find that higher levels of external control reduce rationality. The authors surmise that firms which are subject to external control may not have the managerial discretion needed to follow rational processes of decision-making.

Hickson *et al.* (2001) report some results worth noting here. For example, they find that unions did not participate in 121 out of the 150 decisions which they investigated. They report that the influence of the external counterparts of internal departments tend to be equivalent to one another (e.g. customers and sales and marketing; suppliers and purchasing). Among external pressures, customers were found to wield the greatest influence on the SDM process. Overall, the influence of government was found to be weak in both private and state-owned organisations. Lastly, they conclude that involvement does not mean influence. Some units were extensively involved in the SDM process but their influence was limited (e.g. the unions and government), while some which were involved less had higher influence (e.g. customers).

Characteristics of the External Environment

The environment determinism perspective argues that the SDM process is largely limited by the characteristics of the external environment (Gherib, forthcoming; Hitt & Tyler, 1991). Studies in this area may be classified into two broad groups. First come those which

investigate the relationship between environmental attributes and the SDM process dimensions (e.g. Elbanna & Child, 2007a). The second group of studies in this area comprises those which examine the moderating role of the environment on the relationship between process dimensions and organisational outcomes (e.g. Hough & White, 2003). Because both environmental uncertainty and hostility have been of interest to many researchers in the strategic decision area, this paper reviews their role in the SDM process. As Baum and Wally (2003) state these two attributes have appeared frequently or been suggested for future research in empirical studiers of SDM processes.

Environmental Uncertainty

Dealing with environmental uncertainty is a common problem that all organisations share (Gherib, forthcoming). For example, decision-makers virtually never have access to all the relevant information, nor can they generate all the possible alternatives and accurately anticipate all the consequences (Alkaraan & Northcott, 2006). In the area of the SDM, environmental uncertainty has been considered as the environmental dimension on which most of the theoretical interest and empirical effort have focused (Gherib, forthcoming). Two factors, environmental complexity and environmental change, contribute to environmental uncertainty (Hodge et al., 2003).

According to contingency theory, SDM processes are affected by environmental attributes. In a stable environment, synoptic processes should be used; whereas, in an unstable environment, incremental processes should be adopted. This is because in a stable environment, data are more available and reliable, there is less pressure to collect new data and the cost of data gathering is reasonable. Hence, decisions based on facts may lead to better performance than decisions based on judgement or hunches (Khatri & Ng, 2000). However, decision-makers usually find it difficult to rely on formal analysis and in-depth study when having to deal with unstable or high-velocity environments. Instead, they are obliged to take quick decisions in many instances, relying on the amount of information available.

The empirical studies in this field seem to produce contradictory results. Several authors have supported the contingency theory stated above (e.g. Grant, 2003). For example, Fredrickson and his colleagues (Fredrickson, 1984; Fredrickson & Iaquinto, 1989; Fredrickson & Mitchell, 1984) report a negative relationship between comprehensiveness and economic performance in an unstable environment and a positive relationship in a stable one. In contrast to the contingency theory, several studies find that it is rational/comprehensive

processes rather than incremental processes which are related to superior performance in a high velocity environment (e.g. Eisenhardt, 1989). Extending these results, Glick, *et al.* (1993) and Priem, *et al.* (1995) both support this view.

Other studies have not supported either line of thought mentioned above (e.g. Dean & Sharfman, 1996). Papadakis *et al.* (1998), for example, report a lack of any statistically significant relationship between environmental uncertainty and the rational and political processes of the SDM. Elbanna and his colleagues (Elbanna et al., 2011; Elbanna & Child, 2007b) report a lack of any statistically significant moderating relationship of environmental uncertainty on the relationship between the conflictive, rational, political and intuitive processes of the SDM and decision outcomes. Given the contradictory results of previous research, it is difficult to draw meaningful generalisations about the role of environmental uncertainty in the SDM process. As suggested by Elbanna (2006) there are several methodological and substantive possible reasons for the contradictory results of previous studies.

Environmental Hostility-Munificence

Although environments can be conceptualised in many ways, environmental munificence is regarded as one of the most important attributes for explaining strategic behaviours and outcomes (Castrogiovanni, 1991; Elbanna et al., 2010b). Munificence refers to the ability of the environment to support the sustained growth of an organisation (Dess & Beard, 1984) and/or the degree of resource abundance (Hodge et al., 2003). Shane and Kolvereid (1995) point out that munificence measures the richness of the market for the firm, e.g. the potential market demand, market receptivity to the firm's products and the size of the market opportunity. In focusing on the capacity of factors and institutions at the macro environmental level, Wan and Hoskisson (2003) viewed environmental munificence as the availability of crucial factors (e.g. natural resources, physical infrastructure and education quality) and institutions (e.g. fiscal policy, bureaucratic corruption, judiciary system efficiency and civic norms of cooperation) in a home country environment. A hostile environment is one in which the changes in the external environment of the firm are perceived as unfavourable to the mission or outputs of the firm (Edelstein, 1992). This environment can be characterised, for example by tough competition in the market, low margins, oppressive governmental regulations and limited growth opportunities (Zahra et al., 1997).

Although there is only limited empirical research examining the impact of environmental hostility-munificence on organisational strategy, structures, innovation and decision-making,

previous research clearly points to its importance (Elbanna, 2009; Wan & Hoskisson, 2003). Rajagopalan *et al.* (1993) argue that organisations in munificent environments are less likely to be penalised for poor decisions than those in hostile environments; thus, decision processes which are suited to munificent environments may be inappropriate for less munificent ones. Baum and Wally (2003) report that high environmental munificence positively relates to the organisational performance in terms of growth and profitability. Elbanna and Child (2007b) and McArthur and Nystrom (1991) demonstrate that the level of environmental hostility-munificence was a significant predictor of the relationship between the strategy process and organizational outcomes. Other researchers reported a significant relationship between environmental hostility and both the degree of analysis (Miller & Friesen, 1983) and conflict (Elbanna, 2009) in the SDM process. However, Papadakis *et al.* (1998) did not support the effect of environmental hostility/munificence on the dimensions of the SDM process, i.e. comprehensiveness, financial reporting; formalised rules; hierarchical decentralisation; lateral communication; politicisation; and dissension in problem-solving. Similarly, Elbanna and his colleagues (Elbanna et al., 2011; Elbanna & Child, 2007b) report that environmental hostility-munificence was not a significant moderator of the relationship between the political, conflictive and intuitive processes of the SDM process and decision effectiveness.

THE FIRM CHARACTERISTICS PERSPECTIVE

The SDM process dimensions may be affected by a variety of organisational factors (Elbanna et al., 2010a; Taslak, 2004). These factors can directly influence the SDM process dimensions which in turn lead to organizational outcomes; alternatively, such factors can be thought of as moderating the effects of SDM processes on organizational outcomes. Shrivastava and Grant (1985), for example, propose that formal structures and power centralisation are related to a lower degree of political activity, sub-unit involvement, rational decision-making processes and quicker decisions. Miller (1987) reports a positive relationship between rationality and both formal integration and centralisation in strategic decision processes. Both these studies focus on the relationships between organisational factors and decision process dimensions but do not explicitly examine the outcome implications. In contrast, Eisenhardt (1989) find that in high velocity environments, power centralisation is associated with a higher degree of political behaviour, less rationality and weak economic performance. Many reasons may be responsible for this contradiction in the above results, such as the effect of environmental variables (Elbanna, 2006). Rajagopalan *et*

al. (1997), for example, argue that alternative power distributions and structures may differently affect SDM processes and outcomes in different environments. In this review, three of the organisational variables, which have been extensively investigated in previous research, are reviewed. These are organizational performance, company size and type of ownership.

Organizational performance

Performance is a complex and multidimensional phenomenon at the heart of strategic management (Venkatraman & Ramanujam, 1986). Performance as a theoretical construct can be defined as '*the accomplishments or outcomes of an entity*' (Phillips & Moutinho, 2000: 371). It can be defined also as '*the way an organisation performs vis-à-vis other similar organisations in its industry, not only on traditional financial indicators of performance, but on important non-financial indicators as well*' (Khatri & Ng, 2000: 68).

Although the impact of performance on the SDM process is theoretically meaningful, it seems to have received only limited attention in previous research. Moreover, researchers do not agree about whether poor performance or excellent performance is the more significant driver for managers' behaviour. Some authors find empirical support for a positive relationship between performance and the rational processes of decision-making (e.g. Elbanna & Child, 2007a; Jones et al., 1992). This may be due to having the luxury or slack of resources needed to absorb the cost of the rational processes of decision-making. Conversely, other researchers have argued that lower performing organisations may have strong incentives to push decision-makers to be more rational because a wrong decision may put an organisation out of business; while superior performance reduces the desire to search for and analyse information (Bourgeois 1981; Fredrickson, 1985). Bateman and Zeithaml (1989), for example, conclude that favourable past organisational performance could create more positive decision frames and increased the confidence of decision-makers, which in turn could lead to less rational decision process, but a faster decision process. On the other hand, management in companies with poor performance has less margin of error.

Different performance aspects may differently influence the SDM process dimensions (Elbanna & Naguib, 2009). For example, Papadakis *et al.* (1998) report significant relationships between return on assets and rationality, financial reporting and hierarchical decentralisation; while profit growth is closely related to politicisation and dissension and not related to rationality, financial reporting and hierarchical decentralisation. The above studies addressed performance as an antecedent of the SDM process dimensions. Whereas, there is

another strand of related studies which examined the impact of the SDM process dimensions on process outcomes, e.g. decision quality, speed in decision-making and decision effectiveness (e.g. Hough & White, 2003; Simmers, 1998) and economic outcomes, e.g. ROA, growth in sales or profits (e.g. Baum & Wally, 2003; Priem, 1990).

It is worth noting that there is a scarcity of empirical research on the moderating role of performance in the relationship between strategic decision processes and organizational outcomes. In one of the very few studies which empirically examine this relationship, Elbanna and Child (2007a) report that firm performance rather than environmental characteristics appears to be the most important moderator of the relationship between the SDM process dimensions and strategic decision effectiveness.

Company Size

Although the role of company size is usually considered important in the context of the SDM (Elbanna, 2009), the evidence on this role is far from clear or generalisable. On the one hand, some researchers have argued that company size affects the SDM process. Snyman and Drew (2003), for example, argue that in small firms managers may pursue a single SDM process, whereas in larger firms, managers will need two or more strategic decision processes to formulate and implement strategy. Hart and Banbury (1994) argue that in small firms, strategy-making relies on idiosyncratic capabilities of a single (or a few) individual(s); while the larger firm must frequently develop more formalised approaches to planning. Child (1972) proposes that as the number of employees hired by the firm grows, the distance between top management and organisational members increases; additional levels of management are created and the strategy making process becomes less centralised and more complex. Brouthers *et al.* (1998) argue that in small firms, information flows easily, power is centralised, there are no separate departments or multi-layered organisational structures and the political activity is less than big ones. Fredrickson & Iaquinto (1989) reported that firm size appears to have a positive impact on comprehensiveness for two reasons. First, the firm should be large enough to afford the costs of comprehensive process. Second, as organisations grow, they tend to create new specialised subunits which encourage adopting comprehensive processes of decision-making.

On the second hand, some authors find no differences in the SDM process dimensions could be attributed to firm size (e.g. Dean & Sharfman, 1993; Kukalis, 1991). While, Papadakis *et al.* (1998) concluded that company size differently affected the SDM process dimensions. Inconsistency in the results of prior research may be attributed to a variety of

differences among them. For example, there are some differences between Dean & Sharfman's (1993) study and that of Fredrickson & Iaquinto (1989). These differences include the dependent variable (procedural rationality versus comprehensiveness), the types of decisions (actual versus hypothetical) and the range of industries (sixteen versus two). Any of these differences might account for the variance in their findings.

Finally, Hart and Banbury (1994) report a moderating role of company size on the relationship between strategy-making process capability and performance. Specifically, process capability was positively associated with performance in larger firms but not in smaller firms. In other studies, company size was not found to be statistically significant moderator of the relationship between the SDM process dimensions and organizational outcomes (e.g. Elbanna & Child, 2007b). These results show a need for more research on the moderating role of company size.

Type of Ownership (Corporate Control)

Some studies have emphasised the important role of corporate control or type of ownership in the SDM process (Durand & Vargas, 2003; Elbanna, 2009). Mallory *et al.* (1983), for example, provide evidence for differences in decision-making patterns between British companies and multinational companies working in Britain. Papadakis *et al.* (1998) conclude that the type of control appears to have a significant influence on several aspects of the SDM process in Greek manufacturing companies.

For example, political behaviour in public organisations may be more obvious than in business ones (Child et al., 2010). As argued by Pfeffer (1992), the reason is not that decision-makers in private organisations are more rational or less political than those in public organisations are. Rather, this may be due to the unified goal of private business firms, i.e. profit maximisation. This goal consensus reduces political activity in comparison with public organisations because it negates much of the need for the use of political tactics. This line of reasoning is consistent with Schwenk's (1990) arguments that many private business executives believe that their decisions should be evaluated by criteria primarily connected with profit maximisation. As a result, private business firms have far more precise criteria for failure and success. In their investigation of possible conditions for success in managerial decision making, Rodrigues and Hickson (1995) argue that ownership by itself does not define the criteria of successfulness, but the environment or sector, in which an organisation operates (business or non-business environments).

CONCLUSION AND IMPLICATIONS FOR FURTHER RESEARCH

On the basis of this review, we will shed light on some gaps in previous research and theory and suggest several useful directions for future research.

(1) This review shows that theoretical speculations and empirical work confirm relationships between contextual factors and organisational processes. It is also interesting to note that the inverse relationship has also been reported. However, previous models are simplifications explaining small portions of very complex phenomena. Each model has its own assumptions, promotes its own perspective, and utilises varied contextual factors. Therefore, one can argue that the use of an integrative model emphasising antecedent, process, moderating and outcome variables may predict more variance in decision processes and organisational outcomes than models which, for example, used simple bivariate relationships. Such integrative models can help in understanding the commonalties and inconsistencies across various studies and resolve some of the contradictions in previous research. This opens a promising arena for future research and leads to a more fruitful theory of the SDM. For example, the relationship between rationality and organisational performance has been debated in the literature for many years and is still unresolved. Some studies found a negative relationship between them in an unstable environment (e.g. Fredrickson, 1984); while some found a positive one (e.g. Eisenhardt, 1989). With respect to this contradiction, Rajagopalan *et al.* (1993) argue that organisations with certain capabilities, such as the use of real-time information, experienced counsellors and active conflict resolution mechanisms, may be able to achieve speed and rationality in the SDM process in rapidly changing environments (e.g. Eisenhardt, 1989); while the lack of organisational capabilities may lead to the negative relationship between rationality and performance in unstable environments observed by Fredrickson. This sustains the importance of adopting integrative models when examining the SDM process and outcomes.

(2) Whittington *et al.* (2002: 481) suggest that '*we need to be sensitive to context, not paralysed. We should both develop our grounds for judging which knowledge is transferable from one context to another, and understand better how this knowledge can most effectively be translated*'. Recently, researchers have become more sensitive to the role of national contexts. Many studies have started to reflect this influence (e.g. Child & Tsai, 2005; Kogut, 2002; Taslak, 2004; Wilson, 2003). For example, Wan & Hoskisson (2003) propose that the relationship between corporate diversification strategies and firm performance is related to home country environments. Carr (1997) argues that national culture can have a strong effect

on the SDM process. Elbanna & Child (2007a) and Papadakis *et al.* (1998) find that some of their conclusions supported the *'culture free'* argument, whereas, some other findings were interpreted as *'culture specific'.* In conclusion, much more research is needed before knowing which aspects of the SDM process can be generalised and which cannot become certain.

(3) We need to investigate not only the separate but also more particularly the *overall* impact of different perspectives or contexts on the SDM process. This approach should more fully illuminate the relevance of different perspectives for the SDM process indicating which of these perspectives receives the greatest empirical support when considered alongside the others, in the expectation that this would help to fill a significant gap in the literature. However, very few studies have adopted multiple perspectives and examined their predictive power taking the others into account (Child et al., 2003).

(4) Do the SDM process dimensions explain the variance in organizational outcomes beyond and above the broader contextual factors? This question explores whether the organizational outcomes depends on the processes which decision-makers go through.

(5) Interactions between two aspects of contextual variables need to be considered when examining their moderating role on the link between the SDM process and organizational outcomes. For example, an uncertain environment, which is also munificent (e.g. high growth industries in initial stages of industry evolution) is very different from an uncertain environment, which is far less munificent (e.g., mature industries with declining demand or increasing competition) (Rajagopalan et al., 1993). Hence, the performance effects of decision processes are likely to be different across theses environments. In one of the first attempts to simultaneously investigate the moderating role of two environmental dimensions, Goll and Rasheed (1997) reported that rationality is strongly associated with organisational performance in environments which are high in both munificence and dynamism.

(6) Cognitive diversity rather than demographic diversity may be the most fruitful arena for future research. Miller *et al.*(1998), for example, argue that researchers have produced many insignificant findings when investigating executive demographic diversity. In contrast, they found significant effects for cognitive diversity in most cases. They added that researchers have focused their attention on demographic rather than cognitive diversity because demographic data can be easily obtained through archival sources, or through a very easy to complete questionnaire.

(7) Although information technology can enhance the capability of managers to make decisions that are more effective, no clear evidence, to the best of our knowledge, can be

found in the strategic decision literature concerning the relationship between the use of information technology and the effectiveness of the SDM. This opens a fruitful avenue for future research.

(8) Most work on the SDM process is based on small sample or case study explorations (e.g. Al-Ghamdi, 1998). To our knowledge, there exists very limited large-scale empirical research attempting to quantitatively assess the influence of contextual factors on the SDM process and outcomes. Therefore, one of the methodological priorities for future research is to conduct large-sample field research with rigorous testing in order to verify the results of small sample or case study-based research. For example, Muller (1998) empirically (using both large sample and multiple regression analysis) tests the purposes behind the use of formal analysis in organizations suggested by the three case studies of Langley (1989). Moving towards this direction of research would enhance the value of the SDM research to both academics and managers.

(9) A more accurate understanding of the causal relationships between decision antecedents, processes and outcomes requires the adoption of a longitudinal research design and the triangulation of research methodologies as a systematic combination of quantitative and qualitative methods of data collection and analysis.

REFERENCES

Al-Ghamdi, S. M. 1998. Obstacles to successful implementation of strategic decisions: The British experience. *European Business Review*, 98(6): 322-327.

Alkaraan, F., & Northcott, D. 2006. Strategic capital investment decision-making: A role for emergent analysis tools? A study of practice in large UK manufacturing companies. *The British Accounting Review*, 38(2): 149-173.

Andrews, K. R. 1971. *The concept of corporate strategy*. Homewood: Irwin.

Ashmos, D. P., Duchon, D., & McDaniel, R. R. 1998. Participation in strategic decision making: The role of organizational predisposition and issue interpretation. *Decision Sciences*, 29(1): 25-51.

Bantel, K., & Jackson, S. 1989. Top Management and innovations in banking: Does the composition of the top team make a difference? *Strategic Management Journal*, 10: 107-124.

Bantel, K. A. 1993. Top team, environment, and performance effects on strategic planning formality. *Group and Organizational Management*, 18(4): 436-458.

Bateman, T. S., & Zeithaml, C. P. 1989. The psychological context of strategic decisions: A model and convergent experimental findings. *Strategic Management Journal*, 10(1): 59-74.

Baum, J. R., & Wally, S. 2003. Strategic decision speed and firm performance. *Strategic Management Journal*, 24: 1107-1129.

Bourgeois , L. J. 1981. On the measurement of organizational slack. *Academy of Management Review*, 6: 29-39.

Bourgeois, L. J., & Eisenhardt, K. M. 1988. Strategic decision processes in high velocity environments: Four cases in the microcomputer industry. *Management Science*, 34(7): 816-835.

Brouthers, K. D., Andriessen, F., & Nicolaes, I. 1998. Driving blind: Strategic decision-making in small companies. *Long Range Planning*, 31(1): 130-138.

Brouthers, K. D., Brouthers, L. E., & Werner, S. 2000. Influences on strategic decision-making in the Dutch financial services industry. *Journal of Management*, 26(5): 863-883.

Bryson, J. M., & Bromiley, P. 1993. Critical factors affecting the planning and implementation of major projects. *Strategic Management Journal*, 14(5): 319-337.

Butler, R. 2002. Decision making. In A. Sorge (Ed.), *Organization*: 224-251. London: Thomson Learning.

Carr, C. 1997. Strategic investment decisions and short-termism: Germany versus Britain. In V. Papadakis, & P. Barwise (Eds.), *Strategic decisions*: 107-125. London: Kluwer.

Castrogiovanni, G. 1991. Environmental munificence: A theoretical assessment. *Academy of Management Review*, 16(3): 542-565.

Chaganti, R., & Sambharya, R. 1987. Strategic orientation and characteristics of upper management. *Strategic Management Journal*, 8: 393-401.

Child, J. 1972. Organisational structure, environment and performance: The role of strategic choice. *Sociology*, 6(1): 2-22.

Child, J. 2002. Strategic choice. In A. Sorge (Ed.), *Organization*: 107-126. London: Thomson Learning.

Child, J., Chung, L., & Davies, H. 2003. The performance of cross-border units in China: A test of natural selection, strategic choice and contingency theories. *Journal of International Business Studies*, 34(3): 242-254.

Child, J., Elbanna, S., & Rodrigues, S. 2010. The political aspects of strategic decision making. In P. Nutt, & D. Wilson (Eds.), *The Handbook of Decision Making*: 105-137. Chichester: Wiley.

Child, J., & Tsai, T. 2005. The dynamic between firms' environmental strategies and institutional constraints in emerging economies: Evidence from China and Taiwan. *Journal of Management Studies*, 42(1): 95-125.

Cyert, R. M., & March, J. G. 1963. *A behavioral theory of the firm*. Englewood Cliffs, NJ: Prentice-Hall.

Dayan, M., & Elbanna, S. 2011. Antecedents of team intuition and its impact on the success of new product development projects. *Journal of Product Innovation Management*, 28(7): 159-174.

Dayan , M., Elbanna, S., & Benedetto, C. A. D. forthcoming. Antecedents and consequences of political behavior in new product development teams. *IEEE Transactions on Engineering Management*.

Dean, J. W., & Sharfman, M. P. 1993. Procedural rationality in the strategic decision making process. *Journal of Management Studies*, 30(4): 587-610.

Dean, J. W., & Sharfman, M. P. 1996. Does decision process matter? A study of strategic decision making effectiveness. *Academy of Management Journal*, 39(2): 368-396.

Dess, G. G., & Beard, D. W. 1984. Dimensions of organizational task environments. *Administrative Science Quarterly*, 29: 52-73.

Dollinger, M. J. 1984. Environmental boundary spanning and information processing effects on organizational performance. *Academy of Management Journal*, 27(2): 351-368.

Durand, R., & Vargas, V. 2003. Ownership, organization and private firms' efficient use of resources. *Strategic Management Journal*, 24: 667-675.

Dutton, J. E., & Duncan, R. B. 1987. The creation of momentum for change through the process of strategic issue diagnosis. *Strategic Management Journal*, 8: 279-295.

Dutton, J. E., Stumpf, S. A., & Wagner, D. 1990. Diagnosing strategic issues and managerial investment of resources. In P. Shrivastava, & R. Lamb (Eds.), *Advances in strategic management*: 143-167. Greenwich, Conn: JAI Press.

Edelstein, J. Y. 1992. *Adjustment and decline in hostile environments*. New York: Garland Publishing.

Eisenhardt, K. M. 1989. Making fast strategic decision in high velocity environments. *Academy of Management Journal*, 32(3): 543-576.

Eisenhardt, K. M., & Zbaracki, M. 1992. Strategic decision-making. *Strategic Management Journal*, 13: 17-37.

Elbanna, S. 2006. Strategic decision making: Process perspectives. *International Journal of Management Reviews*, 8(1): 1-20.

Elbanna, S. 2009. The impact of affective conflict on firm performance. *Management Research Review*, 32(9): 789 - 803.

Elbanna, S., Ali, A., & Dayan , M. 2011. Conflict in strategic decision making: Do the setting and environment matter? *International Journal of Conflict Management*, 3: 278-299.

Elbanna, S., & Child, J. 2007a. The influence of decision, environmental and firm characteristics on the rationality of strategic decision-making. *Journal of Management Studies*, 44(4): 561-591.

Elbanna, S., & Child, J. 2007b. Influences on strategic decision effectiveness: Development and test of an integrative model. *Strategic Management Journal*, 28: 431-453.

Elbanna, S., Child, J., & Rodrigues, S. 2010a. *Intuition in strategic decision-making: The role of context*. Paper presented at the Academy of Management Conference, Montreal, Canada.

Elbanna, S., & Naguib, R. 2009. How much does performance matter in strategic decision-making? *International Journal of Productivity and Performance Management*, 58(5): 437-459.

Elbanna, S., Thanos, I., & Papadakis, V. 2010b. *Politicization in strategic decision-making processes: Evidence from different settings*. Paper presented at the Academy of Management Conference, Montreal, Canada.

Finkelstein, S., & Hambrick, D. 1990. Top-management team tenure and organisational outcomes: The moderating role of managerial discretion. *Administrative Science Quarterly*, 35: 484-503.

Fredrickson, J. W. 1984. The comprehensiveness of strategic decision processes: Extension, observation, future decisions. *Academy of Management Journal*, 27(3): 445-466.

Fredrickson, J. W. 1985. Effects of decision motive and organizational performance level on strategic decision processes. *Academy of Management Journal*, 28(9): 821-843.

Fredrickson, J. W., & Iaquinto, A. L. 1989. Inertia and creeping rationality in strategic decision processes. *Academy of Management Journal*, 32(3): 516-542.

Fredrickson, J. W., & Mitchell, T. R. 1984. Strategic decision processes: Comprehensiveness and performance in an industry with an unstable environment. *Academy of Management Journal*, 27(2): 399-423.

Gherib, J. forthcoming. Miller's environmental uncertainty scale: An extension to the Arab world. *International Journal of Commerce and Management*.

Glick, W. H., Miller, C. C., & Huber, G. P. 1993. The impact of upper echelon diversity on organisational performance. In G. P. Huber, & W. C. Glick (Eds.), *Organisational change and redesign: Ideas and insights for improving performance*. New York: Oxford University Press.

Grant, R. M. 2003. Strategic planning in a turbulent environment: Evidence from the oil majors. *Strategic Management Journal*, 24(2): 491-517.

Greening, D. W., & Johnson, R. A. 1996. Do managers and strategies matter? A study in crisis. *Journal of Management Studies*, 33(1): 25-51.

Hambrick, D. C., & Mason, P. A. 1984. Upper echelons: The organization as a reflection of its top managers. *Academy of Management Review*, 9: 193-206.

Hart, S., & Banbury, C. 1994. How strategy-making processes can make a difference. *Strategic Management Journal*, 15(4): 251-269.

Hickson, D. J., Butler, R. J., Cray, D., Mallory, G. R., & Wilson, D. C. 1986. *Top decisions: Strategic decision-making in organizations*. Oxford: Blackwell.

Hickson, D. J., Butler, R. J., & Wilson, D. C. 2001. *The Bradford studies of strategic decision making*. Aldershot: Ashgate.

Hitt, M. A., & Barr, S. H. 1989. Managerial selection decision models: Examination of configural cue processing. *Journal of Applied Psychology*, 74: 53-61.

Hitt, M. A., & Ireland, R. D. 1986. Relationships among corporate level distinctive competencies, diversification strategy, corporate structure and performance. *Journal of Management Studies*, 23: 401-416.

Hitt, M. A., & Tyler, B. B. 1991. Strategic decision models: Integrating different perspectives. *Strategic Management Journal*, 12: 327-352.

Hodge, B. J., Anthony, W. P., & Gales, L. M. 2003. *Organization theory: A strategic approach* (Sixth ed.). New Jersey: Prentice Hall.

Hough, J. R., & White, M. A. 2003. Environmental dynamism and strategic decision-making rationality: An examination at the decision level. *Strategic Management Journal*, 24: 481-489.

Ireland, R. D. 1987. Strategy formulation processes: Differences in perceptions of strength and weakness indicators and environmental uncertainty by managerial level. *Strategic Management Journal*, 8: 469-485.

Jones, R. E., Jacobs, L. W., & Spijker, W. V. 1992. Strategic decision processes in international firms. *Management International Review*, 32(3): 219-237.

Judge, W. Q., & Miller, A. 1991. Antecedents and outcomes of decision speed in differential environmental context. *Academy of Management Journal*, 34(2): 449-463.

Kanter, R. 1977. *Men and women of the corporation*. New York: Basic Books.

Keats, B. W., & Hitt, M. A. 1988. A causal model of linkages among environmental dimensions, macro organisational characteristics, and performance. *Academy of Management Journal*, 31: 570-598.

Khatri, N., & Ng, H. A. 2000. The role of intuition in strategic decision making. *Human Relations*, 53(1): 57-86.

Kogut, B. 2002. International management and strategy. In A. Pettigrew, H. Thomas, & R. Whittington (Eds.), *Handbook of strategy and management*. London: Sage.

Kukalis, S. 1991. Determinants of strategic planning systems in large organizations: A contingency approach. *Journal of Management Studies*, 28(2): 143-160.

Langley, A. 1989. In search of rationality: The purposes behind the use of formal analysis in organizations. *Administrative Science Quarterly*, 34: 598-631.

Lyles, M. A. 1981. Formulating strategic problems: Empirical analysis and model development. *Strategic Management Journal*, 2: 61-75.

Lyles, M. A., & Mitroff, I. 1980. Organisational problem formulation: An empirical study. *Administrative Science Quarterly*, 25: 102-119.

Mallory, G. R., Butler, R. J., Cray, D., Hickson, D. J., & Wilson, D. C. 1983. Implanted decision-making: American owned firms in Britain. *Journal of Management Studies*, 20(2): 191-211.

Markoczy, L. 1997. Measuring beliefs: Accept no substitutes. *Academy of Management Journal*, 40(5): 1228-1242.

McArthur, A. W., & Nystrom, P. C. 1991. Environmental dynamism, complexity and munificence as moderators of strategy-performance relationships. *Journal of Business Research*, 23: 349-361.

McCain, B. R., O'Reilly, C. O., & Pfeffer, J. 1983. The effects of departmental demography on turnover: The case of a university. *Academy of Management Journal*, 26(4): 626-641.

Miller, C. C., Burke, L. M., & Glick, W. H. 1998. Cognitive diversity among upper-echelon executives: Implications for strategic decision processes. *Strategic Management Journal*, 19: 39-58.

Miller, D. 1987. Strategy making and structure: Analysis and implications for performance. *Academy of Management Journal*, 30: 7-32.

Miller, D., & Friesen, P. H. 1983. Strategy making and environment: The third link. *Strategic Management Journal*, 4: 221-235.

Mintzberg, H., Raisinghani, D., & Theoret, A. 1976. The structure of "unstructured" decision processes. *Administrative Science Quarterly*, 21(1): 246:275.

Mueller, G. C. 1998. *Strategic decision-making and performance: Decision processes and environmental effects*. Unpublished Ph.D. dissertation, The University of Wisconsin, Milwaukee.

Papadakis, V. M., & Barwise, P. 1997. What can we tell managers about making strategic decisions? In V. M. Papadakis, & P. Barwise (Eds.), *Strategic decisions*: 267-287. London: Kluwer.

Papadakis, V. M., Kaloghirou, Y., & Itarelli, M. 1999. Strategic decision making: From crisis to opportunity. *Business Strategy Review*, 10(1): 29-37.

Papadakis, V. M., Lioukas, S., & Chambers, D. 1998. Strategic decision-making processes: The role of management and context. *Strategic Management Journal*, 19: 115-147.

Pettigrew, A. 2003. Strategy as process, power and change. In S. Cummings, & D. Wilson (Eds.), *Images of strategy*: 301-330. Oxford: Blackwell.

Pettigrew, A. M. 1990. Longitudinal field research on change: Theory and practice. *Organization Science*, 1(3): 267-292.

Pfeffer, J. 1983. Organisational demography. In L. Cummings, & B. M. Staw (Eds.), *Research in organisational behaviour*, Vol. 5. Greenwich, CT: JAI Press.

Pfeffer, J. 1992. *Managing with power: Politics and influence in organizations*. Boston: Harvard Business school.

Pfeffer, J., & Salancik, G. R. 1974. Organizational decision making as a political process: The case of a university budget. *Administrative Science Quarterly*, 19: 135-151.

Phillips, P. A., & Moutinho, L. 2000. The strategic planning index: A tool for measuring strategic planning effectiveness. *Journal of Travel Research*, 38(4): 369-379.

Priem, R. L. 1990. Top management team group factors, consensus, and firm performance. *Strategic Management Journal*, 11: 469-478.

Priem, R. L., Rasheed, M. A., & Kotulic, A. G. 1995. Rationality in strategic decision processes, environmental dynamism and firm performance. *Journal of Management*, 21(5): 913-929.

Rajagopalan, N., Rasheed, A. M. A., & Datta, D. K. 1993. Strategic decision processes: Critical review and future directions. *Journal of Management*, 19(2): 349-385.

Rajagopalan, N., Rasheed, A. M. A., Datta, D. K., & Spreitzer, G. M. 1997. A multi-theoretic model of strategic decision making processes. In V. Papadakis, & P. Barwise (Eds.), *Strategic decisions*: 229--250. London: Kluwer.

Rhodes, S. 1983. Age-related differences in work attitudes and behaviour: A review and conceptual analysis. *Psychological Bulletin*, 93: 328-367.

Rodrigues, S. B., & Hickson, D. J. 1995. Success in decision making: Different organizations, differing reasons for success. *Journal of Management studies*, 32(5): 655-678.

Schermerhorn, J. R., Hunt, J. G., & Osborn, R. N. 2003. *Organizational Behavior* (eighth ed.). New York: John Wiley.

Schneider, S. C., & Meyer, A. D. 1991. Interpreting and responding to strategic issues: The impact of national culture. *Strategic Management Journal*, 12: 307-320.

Schwenk, C. R. 1988. *The essence of strategic decision making*. Lexington, MA: Lexington Books.

Schwenk, C. R. 1990. Conflict in organizational decision making: An exploratory study of its effects in for-profit and not-for-profit-organizations. *Management Science*, 36(4): 436-448.

Schwenk, C. R. 1995. Strategic decision making. *Journal of Management*, 21(3): 471-493.

Shane, S., & Kolvereid, L. 1995. National environment, strategy, and new venture performance: A three-country study. *Journal of Small Business Management*, 33(2): 37-50.

Sharfman, M. P., & Dean, J. W. 1997. Flexibility in strategic decision making: Informational and ideological perspectives. *Journal of Management Studies*, 34(2): 191-217.

Shrivastava, P., & Grant, J. 1985. Empirically derived models of strategic decision-making processes. *Strategic Management Journal*, 6: 97-113.

Simmers, C. A. 1998. Executive/board politics in strategic decision making. *Journal of Business and Economic Studies*, 4(1): 37-56.

Snyman, J. H., & Drew, D. V. 2003. Complex strategic decision processes and firm performance in a hypercompetitive industry. *The Journal of American Academy of Business*, 2(2): 293-298.

Staw, B., & Ross, J. 1980. Commitment in an experimenting society: A study of the attribution of leadership from administrative scenarios. *Journal of Applied Psychology*, 65: 249-260.

Taslak, S. 2004. Factors restricting success of strategic decisions: Evidence from the Turkish textile industry. *European Business Review*, 16(2): 152-164.

Tushman, M., & Romanelli. 1985. Organisational evolution: A metamorphosis model of convergence and reorientation. In L. Cummings, & B. M. Staw (Eds.), *Research in organisational behaviour*. Greenwich, CT: JAI Press.

Tyler, B. B., & Steensma, H. K. 1998. The effects of executives' experience and perceptions on their assessment of potential technological alliances. *Strategic Management Journal*, 19: 939-965.

Venkatraman, N., & Ramanujam, V. 1986. Measurement of business performance in strategy research: A comparison of approaches. *Academy of Management Review*, 11(4): 801-814.

Wagner, W. G., Pfeffer, J., & O'Reilly, C. A. 1984. Organisational demography and turnover in top-management groups. *Administrative Science Quarterly*, 29: 74-92.

Walsh, J. P. 1988. Selectivity and selective perception: An investigation of managers' belief structures and information processing. *Academy of Management Journal*, 31(4): 873-896.

Wan, W. P., & Hoskisson, R. E. 2003. Home country environments, corporate diversification strategies, and firm performance. *Academy of Management Journal*, 40(1): 27-45.

Wanous, J., & Youtz, M. 1986. Solution diversity and the quality of group decisions. *Academy of Management Journal*, 29: 149-158.

Whittington, R., Pettigrew, A., & Thomas, H. 2002. Conclusion: Doing more in strategy research. In A. Pettigrew, H. Thomas, & R. Whittington (Eds.), *Handbook of strategy and management*: 475-488. London: Sage.

Whyte, G. 1989. Groupthink reconsidered. *Academy of Management Review*, 14: 40-56.

Wiersema, M., & Bantel, K. 1992. Top management team demography and corporate strategic change. *Academy of Management Journal*, 35(1): 91-121.

Wilson, D. C. 2003. Strategy as decision making. In S. Cummings, & D. Wilson (Eds.), *Images of strategy*: 383-410. Oxford: Blackwell.

Zahra, S. A., Neubaum, D. O., & Huse, M. 1997. The effect of the environment on export performance among telecommunications new ventures. *Entrepreneurship Theory and Practice*, 22(1): 25-46.