

WHAT CAN WE TELL MANAGERS ABOUT MAKING STRATEGIC DECISIONS?

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ABSTRACT

After 35 years of research on strategic decision making (SDM), what can we tell managers about *SDM processes* which is both *valid* and *useful*? After briefly reviewing the relevant literature we discuss the prescriptive results of such research under six headings (rationality, politics, conflict, techniques to improve strategic debate, participation, and overall SDM tactics). We also review some other insights from SDM research, such as the impact of context and content, for which we are not (yet) able to make clear normative statements. We then discuss how future research can develop more results which are both rigorous and managerially relevant. The final section lists some brief guidelines for managers and discusses how they seem to fit together into a consistent picture of effective SDM.

THE AIM AND SCOPE OF THIS CHAPTER

After 35 years of research on strategic decision-making (SDM), what can we tell managers about *SDM processes* that is both *valid* (ie based on credible empirical research) and *useful* (especially in the strong sense of offering specific guidelines, not just insight or understanding)? A substantial proportion of business school teaching and research provides frameworks and techniques to improve decision-making, including SDM, but little of it passes the three tests implied by this question. Nevertheless, as some of the earlier chapters have shown, we do have valid and useful things to tell managers about SDM. This chapter aims to summarize them.

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We do not claim to be comprehensive. SDM research is not easy to summarize, being a large field with blurred boundaries and diverse approaches (a “crazy quilt of perspectives”, Eisenhardt and Zbaracki 1992: 17).

Nor are we saying that research included here is necessarily better than other research. There is a great deal of good SD research which does not meet the particular combination of criteria we have set - an important issue, to which we return later. (As if to prove the point: like all academics, we value our own research, but none of it in our view meets this combination of criteria).

We especially focus on inductive field research on multiple real SDs (as opposed to laboratory experiments) which includes measures of the outcomes associated with different SDM processes. Such research offers, we think, the best hope of providing valid and useful guidelines for managers. In the following section, we discuss the prescriptive results of such research (and of some laboratory research) grouped under six headings:

- ◆ rational planning versus incrementalism and intuition
- ◆ politics
- ◆ conflict
- ◆ techniques for improving strategic debate
- ◆ participation
- ◆ overall SDM tactics.

We then extend the scope by reviewing some other insights from SD research, such as the impact of context and content, for which we are not (yet) able to make clear normative statements. After this we return to the issue of trying to combine relevance and rigor in SD research. We conclude by listing some brief guidelines for managers and discussing how they seem to fit together into a consistent picture of effective SDM.

PRESCRIPTIVE RESULTS FROM SDM RESEARCH

As noted, the SDM research which provides the clearest normative conclusions is that which inductively explores, across multiple SDs, the relationship between SD processes and outcomes. The validity of such research is most convincing if it is based on real-life decisions, but we also have some useful and convincing results from well-conducted laboratory experiments, which allow the researcher much greater control and a clearer sense of which independent variables cause which outcomes.

Rational Planning versus Incrementalism and Intuition

One important dimension characterizing any decision process is its degree of rationality or comprehensiveness. It is the central feature distinguishing between rational and incremental processes, with a prominent role in decision-making theory