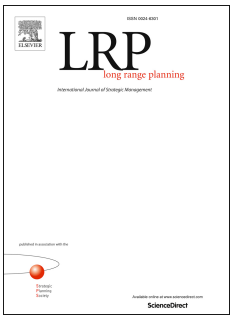

Political Behavior Does Not (always) Undermine Strategic Decision-Making: Theory And Evidence

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POLITICAL BEHAVIOR DOES NOT (ALWAYS) UNDERMINE STRATEGIC DECISION-MAKING: THEORY AND EVIDENCE

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Political behavior does not (always) undermine strategic decision making: Theory and evidence

ABSTRACT

Political behavior pervades strategic decision-making, often damaging decision quality and undermining organizational performance. However, little is currently known about how top management teams (TMTs) cope with such behavior. To address this major shortfall, we draw on the upper echelons literature to advance a contingent account of the factors that differentiate well-functioning and dysfunctional TMTs. Focusing on the psychological context surrounding the TMT, we theorize that cognitive consensus, power decentralization, and behavioral integration are key generative mechanisms that enable TMTs to countermand the potentially deleterious consequences of political behavior. We corroborate our theorizing using a field study of 117 strategic decisions, drawn from multiple TMT informants and secondary databases. Confirming the majority of our hypotheses, our findings indicate that behaviorally integrated and decentralized TMTs are better equipped to attenuate the potentially damaging effects of organizational politics, thereby safeguarding the quality of their decision processes.

Keywords: Political behavior, strategic decision-making, top management teams, upper echelons, cognition, behavioral strategy

Introduction

"In strategic decision-making the major issue you've got to deal with is politics. For me, that's the single biggest thing you can get right or wrong." (Senior Vice President, Global Healthcare Company).

Political behavior is a central construct in organizational theory (Baldridge, 1971; March, 1962; Pfeffer, 1981; Quinn, 1980; Vigoda-Gadot and Drory, 2016), and in the strategic decision-making literature it is widely accepted that political behavior often damages decision quality and undermines organizational performance (Bourgeois and Eisenhardt, 1988; Dayan et al., 2011; Dean and Sharfman, 1996; Elbanna, 2006; Elbanna, 2018; Walter et al., 2012). Strategic decision-making is an inherently political process (Child et al., 2010; Pettigrew, 1973), which, by definition, provokes conflicting viewpoints (Allison, 1971) and triggers power struggles (Pettigrew, 1973; Pfeffer, 1981), not least because organizations are formed of coalitions with competing interests (Cyert and March, 1963; Eisenhardt and Bourgeois, 1988; Eisenhardt and Zbaracki, 1992; March, 1962) and because strategic decisions are highly consequential, complex, and judgmental in nature (Elbanna et al., 2017; Mintzberg et al., 1976). For all of these reasons most strategic decisions are subject to at least some degree of political behavior (Cyert and March, 1963; Eisenhardt and Bourgeois, 1988; Eisenhardt and Zbaracki, 1992; March, 1962; Pettigrew, 1973, 1985) and not surprisingly, empirical evidence has shown that political behavior negatively impacts on decision effectiveness and organizational performance (e.g. Dean and Sharfman, 1996; Eisenhardt and Bourgeois, 1988; Elbanna and Child, 2007).

Political behavior such as bargaining, forming alliances, lobbying and coopting (Eisenhardt and Bourgeois, 1988) can provoke retaliatory interpersonal hostilities, risking missed opportunities and delayed responses. Political behavior can also result in information being distorted, withheld or manipulated (Dean and Sharfman, 1996); and the decision process can become insular and inward looking—neglecting important environmental considerations that might influence the viability of the decision at hand (Hickson et al., 1986).

Since political behavior is pervasive, and often damaging, there is a clear need for research to establish the boundary conditions under which TMTs, who have chief responsibility for strategic decision-making (cf. Floyd and Wooldridge, 2000), are able to countermand its negative effects, thereby safeguarding the quality their decision processes. However, despite longstanding consensus on the importance of studying contextual contingency factors to understand better the contextual mechanisms that promote organizational effectiveness (e.g. Brouthers et al., 2000; Hart and Banbury, 1994; Johns, 2006; 2017; Rajagopalan et al., 1993), surprisingly few studies have examined moderating influences on the political behavior-decision quality relationship (Child et al., 2010). Hence, the boundary conditions of political behavior remain little understood.

To address this major shortfall, the present article draws on the upper echelons literature (Hambrick and Mason, 1984; Hambrick, 2007) to advance a contingent account of the factors that differentiate well-functioning and dysfunctional TMTs. To provide new theoretical insights into the mechanisms enabling TMTs to withstand political behavior, we employ a direct psychometric approach in the development and testing of our theoretical model. In doing so, we avoid the “black box” criticisms that have been levelled at prior TMT research for employing demographic variables as surrogates for the TMTs underlying psychological attributes (Hodgkinson and Sparrow, 2002; Lawrence, 1997; Markoczy, 1997;

Pettigrew, 1992; Priem et al., 1999). We report findings from a field study utilizing multi-informant, multi-source data drawn from surveys and secondary databases. Our findings provide important theoretical insights into the boundary conditions of political behavior, by highlighting the centrality of the TMT's underlying psychological context, which moderates the extent to which potentially dysfunctional political behavior undermines decision quality. As well as advancing new theory, our findings provide salient insights for practice. Accordingly, we detail a series of concrete actions that can be readily implemented by executive teams seeking to enhance their prospects for minimizing the dangers outlined in this article. Specifically, we discuss recruiting leaders with a servant leadership style and collectivist orientation, as well as undertaking strategy away days and formal team interaction training—all of which develop a TMT's ability to withstand political behavior.

Theory and hypotheses

Executive team members engage in political behavior to influence the strategic agenda. When doing so, they are often strategic in their use of information, employing tactics such as behind the scenes bargaining, forming alliances, lobbying and coopting (Eisenhardt and Bourgeois, 1988). Such behavior can, and frequently does, provoke retaliatory interpersonal conflict and impede information elaboration. However, not all TMTs react similarly when facing such potentially divisive behavior. Some teams are better equipped to prevent the effects of politics escalating to dysfunctional levels—such teams instead seek to integrate individual preferences, while taking steps to actively promote the information elaboration ultimately required to safeguard the quality of their decision processes, and ensure that their decisions are implemented in a timely fashion (Elbanna, 2018; Elbanna et al., 2017).

Political behavior manifests in the use of power and exercise of influence (Child et al., 2010), and is inevitable during strategic decision-making because organizations are formed of coalitions of individuals, all with competing interests (Eisenhardt and Zbaracki, 1992). Conflicting preferences arise from differences in personal ambitions and interests, and from decision-makers' differing functional or hierarchical positions within the organization (Allison, 1971). Furthermore, strategic decisions have high stakes—with significant financial and long-term implications for the organization—and as such, they provoke highly emotive responses among decision-makers. Strategic decisions are also inherently uncertain, ambiguous, novel, and ill-structured—prompting clashes between decision-makers as to the best course of action.

Overall, empirical evidence indicates political behavior has largely negative consequences, damaging organizational performance and undermining decision effectiveness (Dean and Sharfman, 1996; Eisenhardt and Bourgeois, 1988; Elbanna and Child, 2007). However, there is an alternative perspective viewing politics as a force for good (Kane-Frieder et al., 2013), and an important mechanism for adapting to change in the external environment (Daft, 1983; Pfeffer, 1981). This perspective views political behavior as a means of resolving conflict, building relationships, restoring justice, and developing legitimacy (Hochwarter, 2012). Effective use of politics can also result in positive individual level outcomes including leadership effectiveness, individual performance, career success, and stress management (Kimura, 2015), all of which positively impact organizational and decision outcomes. Recent empirical evidence also shows positive politics can influence decision creativity and propitiousness (Elbanna et al., 2017), suggesting that political behavior might not be as damaging as many accounts suggest.

Prior reviews of strategic decision-making research identify four salient categories of contextual variables pertaining to the TMT, the external environment, the decision itself, and

the firm (Rajagopalan et al., 1993; Shepherd and Rudd, 2014). While Elbanna and Child (2007) examined the moderating effects of environmental, decision and firm characteristics on the relationship between politics and decision success, this line of inquiry has not so far included TMT moderators. The TMT, or upper echelons perspective (Hambrick and Mason, 1984), represents a key internal context (Escribá-Esteve et al., 2008) since TMTs "make decisions and engage in behaviors that affect the health, wealth, and welfare of others—but they do so as flawed human beings." (Hambrick and Mason, 2007: 341).

Overall in the strategic decision-making literature there is limited empirical work operationalizing TMT variables as moderators of the relationships between strategic decision process characteristics and outcomes (Shepherd and Rudd, 2014), and while the direct effects of TMT characteristics on decision processes and outcomes have been studied (e.g., Hough and ogilvie, 2005; Papadakis and Barwise, 2002; Papadakis et al., 1998), relatively little is known about how TMT characteristics moderate the effects of important decision processes such as political behavior. Indeed, Elbanna and Child (2007: 449) urge: "future research could consider additional moderating variables, such as top management characteristics."

Strategy research in general requires greater psychological grounding (Hambrick and Crossland, 2018; Hodgkinson and Sparrow, 2002; Powell et al., 2011), and in particular, extant accounts of politics in strategic decision-making have tended to downplay the significance of the TMT's underlying psychological context. This represents a significant limitation, not least because political behavior, by definition, arises from fundamental differences of interpretation, judgment, decision making, and social cognition; and these differences ultimately drive the conduct of top teams (cf. Hodgkinson and Johnson, 1994; Pettigrew, 1992; Elbanna, 2006). Furthermore, the extent to which politics undermines decision quality is dependent upon whether such teams have the necessary psychological attributes to handle political behavior skillfully (Child et al., 2010; Silvester and Wyatt,

2018). Hence by not accounting for the contingent influence of TMT characteristics, current theory offers an incomplete portrayal of politics, over-simplifying the underlying intra-group cognitive and social psychological mechanisms in play. We thus contend that a focus on the team's psychological context is much needed in order to advance theory concerning why politics can, and often does, have highly damaging consequences for some teams, but less damaging consequences for other teams. To address this issue we adopt an upper echelons perspective (Hambrick, 2007; Hambrick and Mason, 1984) and in so doing, we examine the moderating effects of three TMT characteristics in particular on the relationship between politics and decision quality.

As outlined in Figure 1, we theorize that the negative effects of political behavior are moderated on the basis of varying levels of cognitive consensus, power decentralization, and behavioral integration. We incorporate cognitive consensus into our model because shared beliefs and common understanding of strategic issues fosters intragroup trust and cohesion (Cannon-Bowers and Salas, 2001; Healey et al., 2015; Kellermans et al., 2005); implying that in teams characterized by higher levels of consensus, responses to political behavior will be less aggressive and hence less likely to undermine constructive debate and information elaboration. We incorporate power decentralization into our model because prior theory suggests that power asymmetries lessen psychological safety and trigger malignant threat responses (Edmondson et al., 2003). Furthermore, when politics arise in teams with power imbalances, there is a risk that the preferences of the powerful are forced through, regardless of their merits, and the valid preferences of the less powerful are discarded, reducing the likelihood of decision success (Dean and Sharfman, 1996). The third key moderator in the model outlined in Figure 1, behavioral integration, is incorporated because it reflects the degree to which team members engage in mutual and collective interaction, or in essence, their degree of teamness (Carmeli and Haveli, 2009). We maintain that behaviorally

integrated TMTs are better able to countermand the corrosive effects of political behavior because they enjoy harmonized social and task processes—which promote information elaboration and effective dispute resolution (Carmelli and Schaubroeck, 2006; Simsek et al., 2005).

Insert Figure 1 here

In sum, our central claim is that cognitive consensus, power decentralization, and behavioral integration enable TMTs to stymie the more pernicious effects of political behavior. Taken together, these cognitive, structural, and behavioral factors distinguish well-functioning teams—characterized by high levels of intragroup trust, information elaboration and constructive debate—from dysfunctional teams.

We focus on explaining the implications of political behavior for decision quality, because the success or otherwise of individual strategic decisions ultimately determine whether firms adapt and prosper, or fail (Baum and Wally, 2003; Eisenhardt, 1989; Judge and Miller, 1991). Since strategic decisions have a major magnitude of impact on organizations, often entailing a significant financial outlay and are novel, uncertain, and ill-structured (Eisenhardt and Zbaracki 1992; Mintzberg et al. 1976; Shrivastava and Grant 1985)—theory development in the strategic decision-making domain is vital. Examples of strategic decisions include mergers and acquisitions, corporate restructuring and entry into new markets (Dean and Sharfman, 1996; Papadakis et al., 1998).

We center our theory development on individual strategic decisions since prior research shows that firms do not have consistent decision processes; rather, the process adopted varies from one decision to another, even within the same firm (Hickson et al., 1986;

Papadakis et al., 1998). Adopting individual strategic decisions as the unit of analysis enables us to isolate the role of the TMT in moderating the effects of politics on decision quality, and in doing so, begin to develop more micro level theories of political behavior. Furthermore, a decisional level of analysis provides a close link between political behavior during the strategic decision process and the direct outcomes of that process (Dean and Sharfman, 1996; Elbanna, 2006)—as opposed to examining the effects of politics on overall organizational performance, which can be problematic owing to causal ordering ambiguity (Forbes, 2007) and because performance is impacted on by an array of exogenous factors (Pearce et al., 1987).

Political behavior and decision quality

Prior theory has posited both negative (e.g. Dean and Sharfman, 1996; Elbanna and Child, 2007; Eisenhardt and Bourgeois, 1988) and positive (e.g. Elbanna, 2018; Elbanna et al., 2017; Kane-Frieder et al., 2013; Pfeffer, 1981) consequences of political behavior. We argue that this dissensus can be reconciled by advancing a theoretical account viewing the effects of political behavior on decision quality as being moderated by the TMT's underlying psychological context. Politics includes covert tactics such as use of power to defend interests, agenda control, off-line lobbying and cooptation, and the strategic use of information (Eisenhardt and Bourgeois, 1988; Eisenhardt and Zbaracki, 1992)—which in teams lacking psychological safety—can be highly provocative and fracture interpersonal relations. Consequently, ceteris paribus, the divisive nature of politics can trigger retaliatory interpersonal hostilities which undermine a TMT's ability to adequately elaborate information and mount major strategic changes on a timely basis.

Specifically, political behavior often distracts executives' attention away from their key responsibilities, which causes delayed responses, and lost opportunities (Eisenhardt and Bourgeois, 1988). Political behavior also impedes information elaboration (Cyert and March, 1963; Pettigrew, 1973), and decisions taken on the basis of incomplete or inaccurate information are likely to result in suboptimal choices. When information is withheld by team members, attempts at accurately appraising environmental conditions are hindered, resulting in choices which might not be feasible given the prevailing environmental conditions (Hickson et al., 1986). Strategic decisions driven largely by political behavior are also likely to be motivated by the interests of one, or a small number of executives, rather than on the basis of what is optimal for the firm as a whole (Pettigrew, 1977; Pfeffer, 1981). Finally, political behavior imposes additional and unnecessary constraints on perfectly viable decision options (Nutt, 1993), since promising options may be discounted if they are not favorable to powerful individuals or alliances (Dean and Sharfman, 1996). The preceding arguments suggest the following hypothesis:

Hypothesis 1. Political behavior will be negatively related to decision quality.

The moderating role of cognitive consensus

Our core argument is that while political behavior is inevitable during strategic decision-making (Elbanna et al., 2017; Pettigrew, 1973), not all TMTs will react similarly (Child et al., 2010). Hence we focus our theory development on the TMT characteristics that can weaken the negative effects of politics on decision quality. We argue that cognitive consensus—agreement among TMT members concerning the goals, strategies and strengths of the firm—weakens the causal relation between political behavior and decision quality. TMTs with higher levels of cognitive consensus, in the face of political behavior, will be more trusting (Cannon-Bowers and Salas, 2001; Kellermans et al., 2005) of the intentions of

those engaging in politics owing to their high levels of psychological safety, and hence less retaliatory and aggressive in their responses. This is in contrast with members of cognitively *diverse* teams; who will feel threatened by the political actions of others and retaliate with interpersonal conflict and hostility, thereby paralyzing the decision process and jeopardizing decision quality.

Political behavior will naturally arise even in consensual TMTs—owing to the uncertain and high-stakes nature of strategic decision-making (Child et al., 2010; Eisenhardt and Bourgeois, 1988; Pettigrew, 1973), and because organizations comprise divisions with competing interests and claims on scarce resources (Bourgeois, 1981; Cyert and March, 1963; Elbanna, 2006). Hence, although individual members of consensual TMTs will use politics; high levels of agreement concerning the strategies, strengths and priorities of the firm means there is less need to use politics to coerce; instead, executives can direct political tactics toward facilitating successful decision implementation—for example as a means of obtaining necessary resources, unblocking systems of legitimate influence, and reducing inertia (Elbanna, 2018; Elbanna et al., 2017; Kimura, 2015).

Although political behavior usually risks undermining constructive debate as information gets withheld or distorted, this poses much less risk to decision quality in cognitively consensual TMTs; since there is less need for constructive debate and team maintenance in order to reconcile differences of opinion, due to high levels of shared understanding and commonly held beliefs (Daft and Lengel, 1986; Zenger and Lawrence, 1989; Smith et al., 1994). However, political behavior is much more inflammatory in cognitively diverse teams, and there is a heightened risk of restricted information flows resulting in decisions not being thoroughly debated, and divergent viewpoints being sidelined; the net effect being inadequate information elaboration and damaging retaliatory

actions from marginalized team members who attempt to obstruct or sabotage the decision, which ultimately strengthens the negative relation between politics and decision quality.

Cognitively consensual TMTs have an underlying climate of psychological safety and trust built on shared beliefs (Daft and Lengel, 1986; Zenger and Lawrence, 1989). Thus cognitive consensus weakens the negative effects of politics on decision quality because it reduces the likelihood of TMT members retaliating against the political behavior of others, owing to the fact they are more trusting of the intentions of those engaging in politics. To conclude, attempts by executives within consensual TMTs to influence the strategic decision process through political behavior are less likely to trigger unproductive relational conflict, which would otherwise limit information elaboration and slow decision-making, risking missed opportunities and delayed responses (Dean and Sharfman, 1996; Elbanna, 2006). The preceding arguments suggest the following hypothesis:

Hypothesis 2. Political behavior has a weaker, less negative relationship with decision quality when cognitive consensus is high, than when it is low.

The moderating role of power decentralization

Power decentralization is the extent to which CEOs distribute power and responsibility for strategic decision-making evenly among TMT members (Finkelstein, 1992; Finkelstein and Hambrick, 1996). We argue that the extent to which politics undermines decision quality will also vary according to the TMTs underlying power structures. TMTs who evenly share power and responsibility for strategic decision-making will react differently to political behavior—and be able to safeguard better information elaboration in the face of political behavior—relative to TMTs where power is concentrated in the hands of one, or only a small number of executives.

When political behavior occurs in TMTs with power imbalances, there is a risk that the preferences of the powerful are favored, regardless of their merits, and the perfectly valid and viable preferences of the less powerful are discarded, reducing the likelihood of decision success (Dean and Sharfman, 1996). Decentralization empowers top managers to prevent the personal preferences and biases of any one individual top manager or subgroup unduly influencing strategic choices, regardless of the political tactics employed, thereby weakening the negative causal relation between political behavior and decision quality.

The equitable distribution of power also has a motivational effect (Lanaj et al., 2013) which lessens the need for TMT members to use politics to enhance their power base or to further their own personal agendas, but rather galvanizes the team thereby increasing their propensity to use politics for the benefit of the wider collective—for example as a means of garnering support and building commitment to ensure successful implementation. Sharing power within the TMT also induces active participation, and greater communication and information exchange between TMT members (Cao et al., 2010), thus promoting information elaboration and reducing the likelihood of decision quality being undermined by individual TMT members using political tactics such as withholding or manipulating information (Cao et al., 2010; Thanos et al., 2017). Decentralized TMTs benefit from inclusive decision-making, emboldening TMT members to surface differing views and opinions safe in the knowledge that they are unlikely to face being ostracized (Carmelli and Schaubroeck, 2006; Edmondson et al., 2003), which ultimately attenuates the potentially negative effects of political behavior on decision quality.

When powerful executives within centralized TMTs engage in political acts such as withholding and manipulating information, responses from subordinated TMT members will be emotive and insurgent; that is, subordinated team members will actively resist change (West and Anderson, 1996) and compete for supremacy (Spears et al., 2001; Tajfel and

Turner, 1986), actions which hamper information elaboration and escalate hostilities, ultimately threatening the prospects of success. Centralized TMTs are more likely to experience high levels of identity threat (Ashforth and Mael, 1989; Haslam, 2004; Tajfel et al., 1971; Turner et al., 1987) because the status of marginalized top managers as central members of the dominant coalition are imperiled. Such identity threats strengthen the damaging effects of political behavior, as individual team members seek to protect their self-interests by resisting decisions that threaten their psychological sense of self, heightening their personal identity concerns at the expense of the team.

In contrast, when responsibility for strategic decision-making is distributed evenly among upper echelons executives, it reinforces the shared identity of the TMT as a collective whole and team members pull together, actively and jointly shaping the future strategic direction of the firm. The preceding arguments suggest the following hypothesis:

Hypothesis 3. Political behavior has a weaker, less negative relationship with decision quality when power decentralization is high, than when it is low.

The moderating role of behavioral integration

TMT behavioral integration moderates the effects of political behavior on decision quality because such teams possess the requisite skills to handle political behavior constructively. Behaviorally integrated TMTs react differently to politics owing to their high levels of unity—members trust in one another's ability to use politics as an agent for circumventing 'red tape' and facilitating effective strategic change—while safeguarding against the risks of diminished information elaboration, which is a major risk factor associated with political behavior (Dean and Sharfman, 1996).

When politics arise in behaviorally integrated TMTs, such teams are able to prevent political behavior from spawning a downward spiral of ever-escalating relationship conflict that might threaten the team's effectiveness, and result in missed opportunities and/or delayed responses to impending threats. This is because behaviorally integrated TMTs have a collaborative culture (Hambrick, 1994), meaning that team members react tactfully to the political actions of others and channel divergence within the team to facilitate accurate appraisals of issues (Carmeli and Schaubroeck, 2006), while reducing their propensity to retaliate against politics through interpersonal conflict, hostility, and aggression. Hence, the net effect of high levels of behavioral integration is to weaken the damaging effects of political behavior on decision quality.

Behavioral integration captures the extent to which the TMT behaves as a true *team*, characterized by intense mutual and collaborative interaction (Hambrick, 1994), contrasting teams that exist simply as collections of "semiautonomous barons" (Hambrick, 2007: 336). Behavioral integration thus represents the wholeness of a TMT and its unity of effort (Lubatkin et al., 2006). By fostering intense cooperation, behavioral integration promotes high quality information exchange (Simsek et al., 2005), thus weakening the tendency for political behavior to undermine decision quality through diminished information elaboration. In contrast, behavioral *disintegration* exacerbates the problems associated with inadequate information elaboration, strengthening the risks of political behavior leading to biased choices made on the basis of incorrect or inadequate information. This is because when behavioral integration is absent, team members act autonomously and focus on their own area of the organization (Hambrick, 1998; 2007) limiting communication between team members to infrequent bilateral exchanges (Hambrick et al., 2001). Hence TMTs lacking behavioral integration are much more susceptible to the deleterious consequences of political behavior.

Behaviorally integrated TMTs are also better able to confront the high levels of uncertainty, risk and politics inherent in strategic decision-making, because they are more adept at managing team members' identity concerns, stemming from a stronger sense of shared identity throughout the team as a whole; that is, a strongly held superordinate team identity (Carmeli and Shteigman, 2010). Such a shared identity helps to lessen intragroup anxiety, and promotes effective intragroup functioning (Gaertner and Dovidio, 2000; Gaertner et al., 1994; Stone and Crisp, 2007). Further, since behaviorally integrated TMTs are characterized by frequent and intense social interaction, the social mind's natural tendency to categorize, differentiate, and discriminate (Allport, 1954) is dampened, thus reducing power asymmetries and associated behavioral dysfunctions within the group (Pettigrew, 1998). Hence, members of behaviorally integrated TMTs react more skillfully to the political actions of significant others, channeling dissent constructively so as to produce a diversity of arguments, while ensuring multiple viewpoints are considered and opposing views reconciled to create shared understandings (Carmelli and Schaubroeck, 2006)—the overall effect being to weaken the negative effects of politics on decision quality.

In sum, behavioral integration endows TMTs with a high degree of psychological safety, fostering free information exchange, decisive dispute resolution, and the creation of shared understandings of strategic issues (Lubatkin et al., 2006)—all of which serve to weaken the pernicious effects of political behavior on decision quality. These arguments suggest the following hypothesis:

Hypothesis 4. Political behavior has a weaker, less negative relationship with decision quality when behavioral integration is high, than when it is low.

Methods

Sample and procedure

We sent separate surveys to two top managers in each of 236 UK based firms that formed our sample frame, of whom 117 (approximately 50%) returned usable data. The participants completed and returned the surveys independently, so as to minimize within firm cross-contamination. We used the Financial Access Made Easy (FAME[1]) database for our sampling frame and as a source of secondary data.

The sample drawn from the FAME database was restricted to firms with between 50 and 500 employees. We did so because the strategic decision processes of very small firms are more likely to be driven by one individual rather than a team (Brouthers et al., 1998), whereas firms with over 500 employees have much more complex organizational systems that might render the influence of TMTs less salient (Lubatkin et al., 2006; Simsek et al., 2005). While prior studies in the strategic decision-making literature are based predominantly on manufacturing firms, because the service sector represents a vital component of the UK economy and many other Western economies (Papadakis et al., 2010), we sampled all firms—incorporating manufacturing and services sectors—thereby extending the generalizability of our findings.

The FAME database contains data pertaining to 11 million UK firms. For the purposes of our study we constructed our sampling frame by applying the following criteria to the firms listed: 1) having between 50 and 500 employees; 2) having a primary UK trading address; 3) being private sector based; 4) providing complete contact details for all of their legal officers; 5) providing a minimum of five years of complete performance data; and 6)

[1]FAME is "the most accurate and popular database of UK firms" (Souitaris and Maestro, 2010: 661), which provides access to the financial information on 11 million UK and Irish companies. FAME data is taken directly from Companies House, which is a Government department responsible for incorporating and dissolving companies, registering the information companies are legally required to supply, and making that information available to the public.

not being in receivership, dormant, or having been recently acquired. A total of 6,000 firms prima facie met these criteria. On closer inspection, however, 32 of these firms were found to be duplicate entries in the database and/or had listed incorrect contact details. Hence, the final sampling frame comprised 5,968 firms, all of which were approached. To be incorporated in the study, however, the firms we approached had to meet two additional requirements, namely: 7) they must have made a recent strategic decision, with sufficient time having elapsed to enable assessment of the outcomes of that decision; and 8) they had to provide two TMT informants with sufficient knowledge to offer detailed, in-depth responses to our survey questions. A total of 236 firms indicated that they satisfied our qualifying criteria, of which 117 subsequently returned usable data, i.e. fully completed questionnaires from their respective pair of informants.

We purposefully used two informants in each firm to mitigate common method bias (Podsakoff et al., 2003) by operationalizing our first informant's measures for our independent, moderator and certain control variables, and our second informants' measures for our dependent variable. To further mitigate common method bias, wherever possible we utilized objective secondary FAME data to operationalize our variables.

To ameliorate validity concerns arising from the use of key informants and to build on the key informant approaches of prior strategic decision-making research (e.g. Elbanna and Child, 2007; Goll and Rasheed, 1997; 2005), we went to extensive lengths to identify the best qualified informants to answer our surveys. We did so through an upfront and detailed telephone conversation with the legally designated key TMT contact in each of the 236 firms in our sample, and through a series of subsequent meetings and telephone conversations with the two key informants in each firm. We formally examined both informants' competency (Kumar et al., 1993) by asking each of them to rate their involvement in making the focal decision, and their confidence in answering the questions we posed to them, using 7-point

Likert scales. The average involvement (mean = 6.44; SD = 0.73 for first informants and mean = 6.05; SD = 0.78 for second informants), and confidence (mean = 6.33; SD = 0.70 for first informants and mean = 6.14; SD = 0.75 for second informants) scores suggest that they were indeed suitably qualified to participate in the study.

To further safeguard the validity of our data we stipulated that informants must both be part of the inner circle of top managers, with responsibility for setting the strategic direction of the firm (Simsek et al. 2005; Smith et al., 2005), and with major involvement in the focal decision (Amason, 1996; Pettigrew, 1992). We also ensured that informants were referencing a recent salient event (a strategic decision) to reduce cognitive bias (Miller et al., 1997), and we offered a report to informants benchmarking their firm against the other firms in our dataset, which would be rendered meaningless in the absence of valid data (Dean and Sharfman, 1996). Informants were guaranteed anonymity to further encourage valid responses (Huber and Power, 1985).

We identified the focal strategic decision with informants through a series of preliminary meetings and telephone conversations, ensuring the nominated decisions met our definition of a strategic decision. When distributing the surveys to our key informants, we also provided a written confirmation of the previously selected decision, and requested surveys be completed in relation to that particular decision. As a final check, we asked both informants to provide a detailed description of the decision. No firm in our sample provided more than one decision, and to increase the validity of our results, we only included in our analysis decisions for which we had the complete responses from two informants.

Unit of analysis

We use individual strategic decisions as our unit of analysis instead of organizations because, as noted earlier, prior empirical research has demonstrated that strategic decision processes differ substantially within an organization according to the decision being made (e.g. Elbanna et al., 2017; Hickson et al., 1986). Strategic decisions in our sample fell into four types: new business investment decisions such as mergers and acquisitions (21%); investments in capital equipment such as new premises (10%); investment in the marketing domain such as support for new product launches (46%), and; internal reorganization investments such as corporate restructuring (23%). First informants were all top managers, and comprised CEOs (59%), chief officers (21%), chairpersons (10%), and executive directors (10%). Second informants were also top managers and comprised chief officers (42%), executive directors (39%), CEOs (14%), and chairpersons (5%).

Measures

The background details pertaining to our measures are summarized in Table 1. In all cases, unless otherwise indicated in the table, participants evaluated the items using a 7-point Likert scale. In addition, we incorporated a series of control variables to rule out alternative influences that could potentially have a bearing on the study's core constructs. We controlled for past firm performance because this variable significantly influences firm survival and thus impacts on both behavior and future prospects of success (Elbanna and Child, 2007). We also controlled for firm size (Log size), because larger firms have greater resources at their disposal, which again can have a bearing on decision outcomes (Rodrigues and Hickson, 1995). Both of these control variables were operationalized using objective secondary data drawn from the FAME database. We accounted for environmental hostility since this variable poses significant threats to firm survival and thus can influence both behavior and decision outcomes (Castrogiovanni, 1991; Staw et al., 1981; Thanos et al., 2017). To account for the

idiosyncratic nature of strategic decisions we adopted the classification of Papadakis et al. (1998) and operationalized a series of dummy (0/1) variables for each of the four decision types (new business investment decisions, investments in capital equipment, investment in the marketing domain and internal reorganization investments). Finally, we controlled for procedural rationality, given its well established influence on decision outcomes (Dean and Sharfman, 1996; Elbanna and Child, 2007).

Insert Table 1 here

Non-response bias

Using FAME archival data, we compared responding against non-responding firms on four key criteria using t-tests. We found no statistically significant differences between responding and non-responding firms for sales (p = .35), profitability (p = .73), industry (p = .30), and number of employees (p = .15). We therefore conclude that our results are not unduly influenced by non-response bias.

Reliability and validity

As shown in Table 2, the reliabilities of the various multi-item Likert scales incorporated in this study (coefficient Alpha) range from 0.74 to 0.91, well above the commonly accepted threshold of 0.70 (Nunnally, 1978), suggesting a satisfactory degree of internal consistency for all of our self-report instruments. Table 2 reports the alpha coefficients, average variance extracted results (AVEs), variable characteristics, and intercorrelations among the study variables.

Insert Table 2 here

Although we used established measures for operationalizing all of our study variables, in accordance with the recommendations of Campbell and Fiske (1959), we assessed both convergent and discriminant validity, using both exploratory and confirmatory factor analysis. Table 3 presents the results of our exploratory factor analysis, and because of the large number of items involved, so as to avoid violations of recommended ratios of cases to items (Bauer et al., 2001) we ran three sets of factor analyses (Hart and Banbury, 1994) thus ensuring stable factor solutions. The three sets comprise one each for decision processes (politics and rationality), TMT characteristics (cognitive consensus and behavioral integration), and the environment and decision outcomes (environmental hostility and decision quality). The measures were subjected to a series of principal components analyses, rotated to simple structure using the direct oblimin oblique rotation method, as commonly recommended (e.g. Mooi et al., 2018). The resulting pattern matrices indicate that the measures attained acceptable convergent and discriminant validity in line with expectations.

We also performed confirmatory factor analysis, following Fornell and Larcker's (1981) procedure to further establish the discriminant validity of our measures. We compared the average variance extracted (AVE) of each construct to its shared variance with other constructs, following Farrell (2010). In all instances, the average variance extracted from the constructs exceeded the shared variance between any two constructs. The highest shared variance was 0.22 (between political behavior and behavioral integration). However, the AVE for each of these constructs (political behavior, 0.58, and behavioral integration, 0.74) far exceeds the shared variance. These results demonstrate that the measures attain sufficient

discriminant validity, and overall our tests of convergent and discriminant validity provide confidence that our regression results are not unduly influenced by measurement error.

Insert Table 3 here

Results

We use multiple moderated hierarchical regression analysis to test our hypotheses, by regressing the second informants' measures of decision quality onto blocks of the first informants' predictor variables. Table 4 shows five nested models to isolate the additional variance explained when our moderators and interaction terms are each introduced into the regression equation. This approach facilitates comparison of the relative importance of TMT cognitive, structural, and behavioral contingencies and enables the comparison of the relative degree of explanatory power of the various iterations of our model using R^2. We mean centered all predictor variables to aid interpretation (Aiken and West, 1991; Echambadi and Hess, 2007). The variance inflation scores across the various regression models ranged from 1.07 to 1.90, thus suggesting multicollinearity is not a major concern (Hair et al., 2014).

Insert Table 4 here

Supporting our first hypothesis, step 1 of our model shows that political behavior has a statistically significant and negative effect on decision quality ($\beta = -0.26$, $p = 0.01$). However, step 3 shows that the hypothesized interaction between political behavior and cognitive consensus, while in the predicted direction, is not statistically significant ($\beta = 0.10$, $p = 0.26$). Hence, we cannot claim support for hypothesis 2. Hypothesis 3, however, is

supported, because step 4 shows that the political behavior × power decentralization interaction is statistically significant and in the predicted direction (β = 0.19, p = 0.04), and the interaction term explains a statistically significant amount of additional variance in the dependent variable decision quality (ΔR^2 = 0.03, p = 0.04). To facilitate interpretation of this interaction, Figure 2 presents a plot of the relationships, indicating high and low levels of power decentralization by values one standard deviation above and below the mean (Aiken and West, 1991). The results show that high levels of political behavior are far less damaging for decision quality in decentralized TMTs than compared to highly centralized teams.

Step 5 of our regression model reveals strong support for our fourth hypothesis; that is, the political behavior × behavioral integration interaction is statistically significant and in the predicted direction (β = 0.29, p = 0.01). This interaction also explains a statistically significant amount of additional variance in decision quality (ΔR^2 = 0.05, p = 0.01). To facilitate interpretation of this interaction Figure 3 shows a plot of the relationships, indicating high and low levels of behavioral integration by values one standard deviation above and below the mean (Aiken and West, 1991). As can be seen, the results suggest that political behavior causes far less damage to decision quality in behaviorally TMTs than compared to behaviorally disintegrated teams.

Insert Figures 2 and 3 here

Post-hoc analysis

We performed a series of tests to assess the robustness of the models we estimated. Following the procedures of Hayes (2013), we utilized the Johnson-Neyman regions of

significance test to determine the effects of political behavior on decision quality at differing scores of power decentralization and behavioral integration. The results show that 2.95 (out of 4) is the critical power decentralization score; below this value, political behavior has a statistically significant and negative impact on decision quality, but above this level, political behavior has a statistically non-significant effect. Similarly, the results show that 4.55 (out of 7) is the critical behavioral integration score, since below this value political behavior exerts a statistically significant negative effect on decision quality, whereas above this value the effects of political behavior become statistically non-significant. The results of these analyses provide further insights into the effects proposed by Hypotheses 3 and 4.

Endogeneity concerns may arise empirically as a correlation between an estimated parameter and the residual (Hamilton and Nickerson 2003; Wooldridge, 2010). Theoretically, our focus on explaining decision quality rather than performance, which can be both an antecedent and outcome of political behavior, mitigates the possibility of reverse causality (Dean and Sharfman, 1996; Elbanna, 2006). Nevertheless, we tested for endogeneity using the Durbin-Wu-Hausman (D-W-H) test per Davidson and MacKinnon (1993), using TMT size for identification purposes, and the result ($t = -0.82$, $p = 0.42$) suggests that endogeneity is not a major concern.

Finally, we tested for mediation following the approach of Baron and Kenny (1986), to determine whether political behavior mediates the effects of TMT cognitive consensus, power decentralization and behavioral integration on decision quality. We conclude that neither mediation nor partial mediation is indicated, since neither step 2 (regressing the mediator onto the independent variables), nor step 3 (regressing the dependent variable onto the mediator and independent variables), of Baron and Kenny's (1986) four step approach are satisfied.

Discussion

The central aim of this article was to develop new theoretical insights into the psychological mechanisms enabling TMTs to countermand the negative effects of political behavior. Based on suggestions that extant strategic decision-making research has paid insufficient attention to the contingent influence of the TMT, and that this body of research is inadequately grounded in human psychology, we theorized that cognitive consensus, power decentralization, and behavioral integration are central generative mechanisms that equip TMTs with the ability to stymie the deleterious effects of politics on decision quality.

As discussed previously, although Elbanna and Child (2007) examined the moderating effects of environmental, decision and firm characteristics on the relationship between politics and decision success, prior to the study reported in the present article, this line of inquiry has not included TMT moderators. This is despite prior reviews in the strategic decision-making domain highlighting the TMT as a key contextual influence (Rajagopalan et al., 1993; Shepherd and Rudd, 2014). The absence of theory concerning the contingent role of TMT variables is problematic, not least because political behavior essentially concerns social exchanges between top managers (Hickson et al., 1986). Hence, a focus on the psychological context surrounding the TMT is required to advance theory concerning why political behavior can have highly destructive effects in some teams, but less so in others. Building on the insights of upper echelons theory and research (Hambrick, 2007; Hambrick and Mason, 1984), the present study has taken the first steps to address this gap.

Theoretical implications

Despite the utility of an upper echelons perspective for explaining strategic decision-making processes and outcomes, the TMT and strategic decision-making research streams

have largely evolved independently (Goll and Rasheed, 2005). This represents a significant gap in theory, because, as we have seen, the fortunes of an organization are fundamentally shaped by its top executives *and* the decisions they take. Therefore, in our investigation of political behavior in strategic decision-making, we purposefully adopted an upper echelons perspective to view the causal relation between politics and decision quality as being moderated by the psychological characteristics of the TMT.

Much of the prior upper echelons research has largely relied on demographic variables as surrogates for the underlying behaviors, traits, and processes of top managers (Mannor et al., 2016). While these studies have clearly shown that top managers matter a great deal (Hambrick, 2007; Priem et al., 1999), inconsistent findings have raised questions concerning the validity of using demographic proxies to investigate the underlying decision processes at work (Carmeli and Schaubroeck, 2006). One of the most serious criticisms of using demographic variables in TMT studies is that it leaves a "black box" of unexplained behaviors and processes (Hodgkinson and Sparrow, 2002; Lawrence, 1997; Pettigrew, 1992). We addressed this major limitation in the present study by operationalizing direct psychometric measures for all of our TMT constructs, enabling us to provide new theoretical insights into how TMTs cope with political behavior, which inevitably arises during strategic decision-making, to safeguard decision quality.

The empirical results of this study were largely consistent with its hypotheses, thus supporting our contention that political behavior is not invariably as damaging as past theorizing suggests (cf. Bourgeois and Eisenhardt, 1988; Dean and Sharfman, 1996; Elbanna and Child, 2007). The results have also demonstrated that TMTs with decentralized power structures are less prone to the damaging effects of political behavior, owing to their high levels of psychological safety. However, behaviorally integrated TMTs, owing to their intense collaborative interactions and unity of effort, are even better able to navigate the

complex and risky process of strategic decision-making, without allowing the process to become subverted by damaging political behavior. Hence, this study highlights the fundamental importance of behavioral integration as the central psychological mechanism which serves to dampen the corrosive effects of politics. We argue that prior research on political behavior has not fully capitalized on a psychological perspective (Powell et al. 2011), which is troublesome since political behavior directly involves social interactions between strategic actors (Hickson et al., 1986). We thus contribute to theory by opening up the black box (Lawrence, 1997; Markoczy, 1997; Pettigrew, 1992; Priem et al., 1999) of TMT psychological factors that shape the overall success, or otherwise, of strategic decisions. Moreover, the findings indicate that TMT behaviors (behavioral integration) are a more potent moderator than TMT structures (power decentralization), whereas TMT cognition (i.e. cognitive consensus) does not moderate the impact of political behavior.

An implication of our research for strategic decision-making theory, more generally, is the importance of being sensitive to the broader context. When our moderator variables and interaction terms are added to the regression model, they explain an additional 16% of variance in decision quality, thereby demonstrating how the explanatory capability of extant decision process theories can be bolstered by including contingency factors—and in particular—TMT contingent influences. Decontextualization of political behavior risks ignoring the embeddedness of top managers in the broader context (Carpenter, 2002; Nielsen and Nielsen, 2013), and while prior research has comprehensively accounted for the contingent role of the external environment (e.g. Eisenhardt, 1989; Fredrickson and Mitchell, 1984; Judge and Miller, 1991; Goll and Rasheed, 1997), considerably less attention has focused on other layers of context, such as TMT attributes (Shepherd and Rudd, 2014).

Another inference arising from our study is that behavioral integration is a pivotal construct because behaviorally integrated teams are better able to manage team members'

social identity concerns (cf. Ashforth and Mael, 1989; Haslam, 2004; Healey and Hodgkinson, 2017; Hodgkinson and Healey, 2008; 2011; 2014; Tajfel et al., 1971; Turner et al., 1987). Such identity threats will naturally arise during strategic decision-making, because strategic decisions are inherently ill-structured and complex (Shrivastava and Grant, 1985), with major long-term ramifications (Eisenhardt and Zbaracki, 1992). It is probable that behaviorally integrated TMTs, owing to their superordinate team identity and intense mutual collaboration, are much less prone to dysfunctional social categorization processes and associated fault lines (cf. Lau and Murnighan, 1998). Future research could therefore investigate the role of social identity concerns, and attendant social categorization processes, in moderating the effects of political behavior. Such work will ground strategic decision-making research more firmly in realistic assumptions about human behavior.

Future research and limitations

As with any research, the present study has limitations that could be addressed in future work. For instance, the cross-sectional research design employed in the present study limits the possibility of drawing causal inferences. Future research could therefore execute longitudinal research designs to more firmly establish causality.

We purposefully designed our research methods to circumvent potential problems arising from common method variance by utilizing two different TMT informants, with one informant providing data on the predictor variables and another providing data on the dependent variable. However, future work could further enhance confidence in the validity of the reported results by incorporating ratings from multiple TMT informants for independent variables and then use another, different set of multiple TMT informants for the dependent variable.

In view of the fact that we only sampled firms with between 50 and 500 employees, our findings might not generalize to very small or very large organizations. To address this concern, future research might strive to replicate our findings, or extend them to the context of organizations with differing characteristics to those of the present sample. Future research could also examine TMT contingency factors, such as political will and skill (Ferris et al., 2005; Kapoutsis et al., 2017; Pettigrew and McNulty, 1995) and trust (McAllister, 1995), because the ability of top managers to handle politics skillfully, and trust in one another's abilities to do so, are likely to be key additional factors that shape the processes and outcomes of political actions.

An unexpected result was our inability to detect a statistically significant moderation effect of cognitive consensus. Given that consensus is a complex, multi-dimensional construct (cf. Kellermans et al., 2005; Tarakci et al., 2014), further theorizing and empirical investigations are required to more precisely understand the effects of cognitive consensus (and related constructs such as diversity). Since consensus and diversity can be operationalized in different ways (cf. Hodgkinson and Sparrow, 2002; Kellermans et al., 2005; Tarakci et al 2014), theorizing according to the differing dimensions of consensus or diversity will yield further useful insights.

Finally, in line with the recommendation of Aguinis et al. (2018), future research might profitably address with greater precision the focal level of analysis. In our case we focused on individual decisions, and we controlled for the influence of different decision types with a series of dummy variables. However, future research might consider sampling only certain types of decision, and researchers should ensure careful alignment between the level of analysis and the outcome variable studied. The decision process underpinning any one decision may exert only very weak effects on organizational performance owing to the numerous exogenous influences that determine performance. Hence, focusing on decision

quality as the outcome variable enables the more immediate relationship between the strategic decision process and its outcomes to be isolated, and avoids causal ordering ambiguity (Elbanna, 2006).

Practical implications

Since political behavior is inevitable during strategic decision-making and, left unbridled, jeopardizes decision quality, developing a TMT with the ability to limit the damage caused by politics is of paramount importance.

Our findings highlight the importance of TMT power decentralization and behavioral integration as central to a TMT's ability to weaken the negative effects of political behavior on decision quality. Hence, organizations should utilize selective hiring (Evans and Butler, 2011) to recruit top managers—and in particular CEOs—who are naturally predisposed to shared decision-making, close collaboration, and the free exchange of information and ideas. Of particular importance is the need to identify and nurture senior executives with a servant leadership style, not least because leaders characterized by this particular style of leadership have a tendency to promote power sharing and a sense of community (Spears, 1996). Similarly, CEOs with a collectivist orientation foster group harmony and more readily emphasize the goals of the group over their personal interests (Simsek et al., 2005).

Further, strategy away days, strategic retreats, and strategic off-sites are specific practices that provide a practical means for building strong relationships among top managers (Hodgkinson et al., 2006). In particular, strategy away days that are carefully designed with clear objectives and a small number of participants, can facilitate interpersonal contact, foster cohesion, and build a shared identity (Healey et al., 2015)—essential traits for TMTs to manage political behavior more effectively and, in so doing, create the enabling conditions for enhancing the quality of their decision processes and outcomes.

Finally, formal team interaction training—teaching top managers how to function better as a team—is another activity that can be utilized to foster behavioral integration, and to work more effectively in the uncertain and dynamic context of strategic decision-making. This type of training entails TMTs learning how to alter their coordination practices, adjust their patterns of communication, and even reassign roles to ensure effective task execution (Marks et al., 2000). Formal team interaction training can thus equip top managers with the skills to use politics more judiciously for the benefit of the decision at hand, and to respond more appropriately to the political actions of others.

Conclusion

Most strategic decisions are ultimately political (cf. Johnson, 1987, 1988; Pettigrew, 1973, 1985; Pfeffer, 1981), and prior empirical research has tended to emphasize the damaging effects of political behavior on such decisions and attendant organizational outcomes (cf. Buchanan, 2008; Mintzberg, 1983; Silvester, 2008). However, strategic decision theory has not yet adequately explained how TMTs cope with the inevitable politics in play. In particular, prior to the study reported in this article, there has been a paucity of work that has examined directly the underlying psychological mechanisms that enable some teams to withstand the corrosive effects of political behavior. Addressing this shortfall, we have theorized that TMTs characterized by high levels of cognitive consensus, power decentralization and behavioral integration fare better relative to their counterparts marked by lower levels of these contingent variables. Supporting our theorizing, our findings indicate that political behavior need not be as universally damaging as previous accounts have suggested.

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Figures and Tables

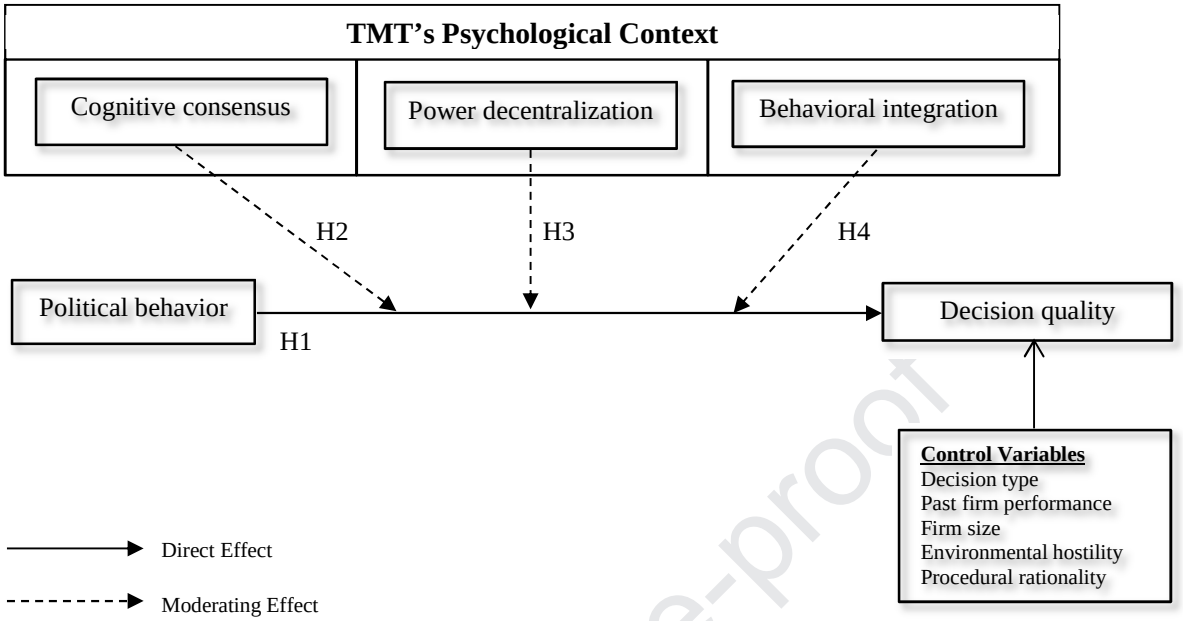

Figure 1
Theoretical model.

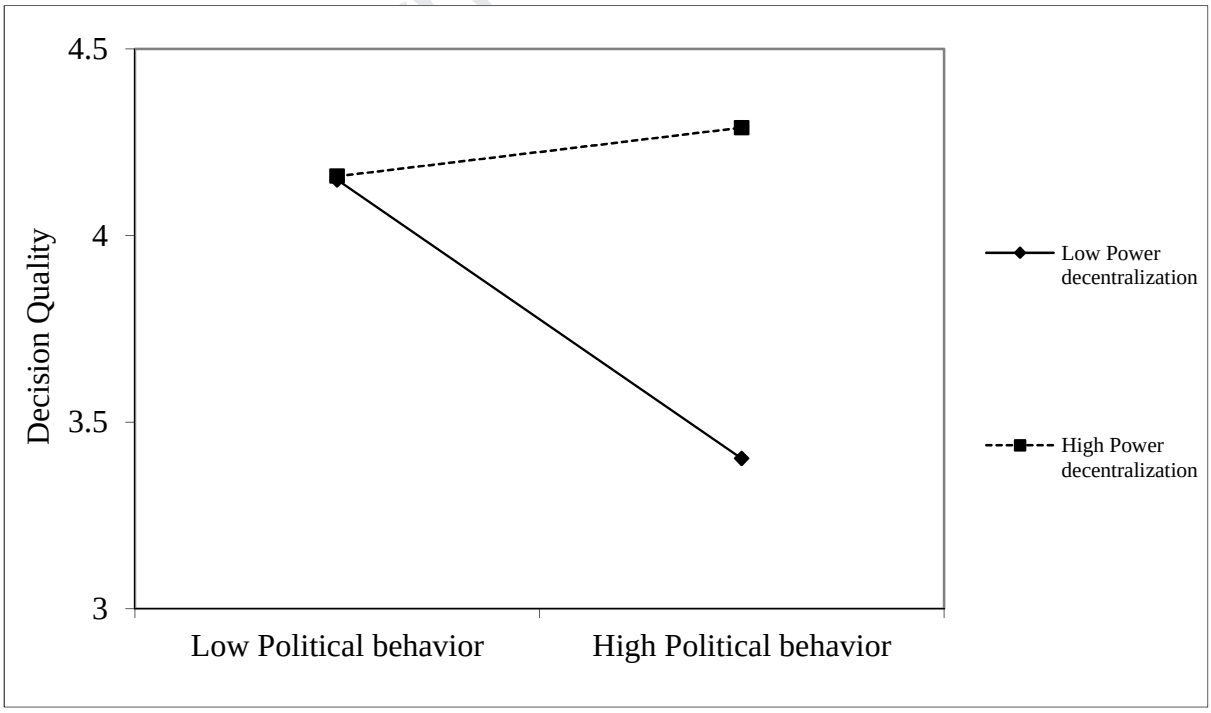

Figure 2
Moderating effects of power decentralization on the relationship between political behavior and decision quality.

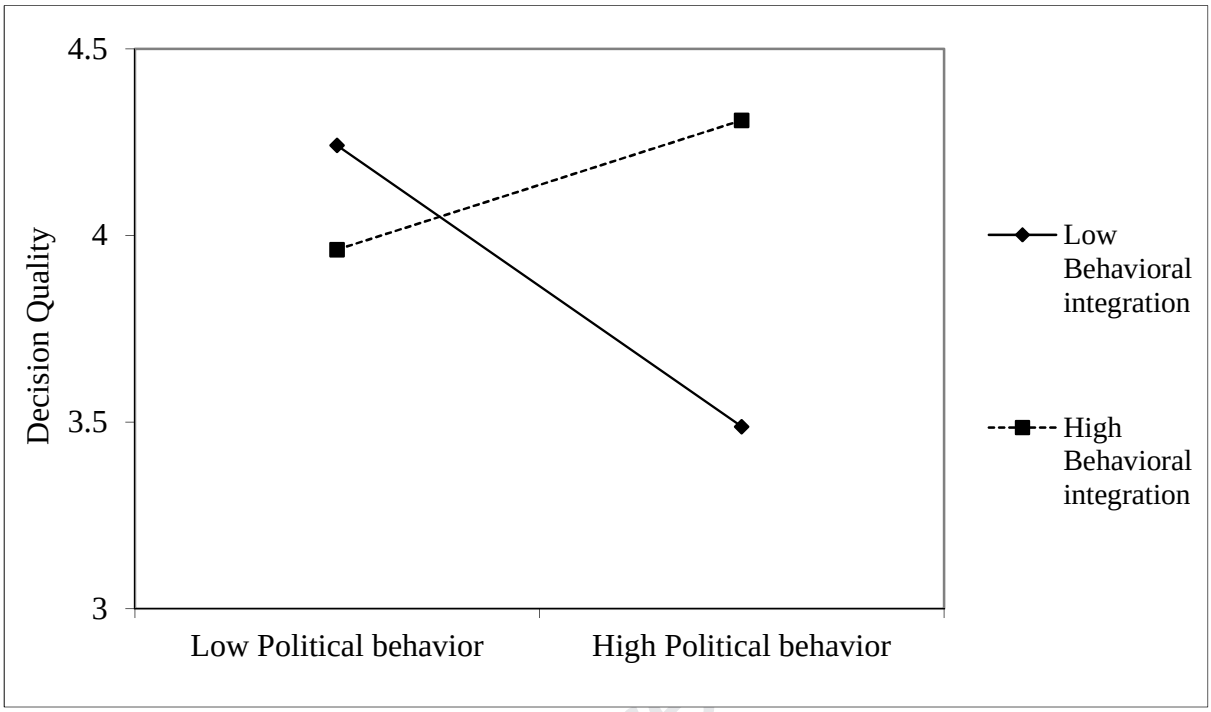

Figure 3
Moderating effects of behavioral integration on the relationship between political behavior and decision quality.

Table 1
Outline description of the measures employed in the study.

Measures	Data source	Items	Source
Decision quality	Second informant	1. Quality of decision relative to its original intent; 2. Quality of decision given its effect on company performance; 3. Overall quality of decision	Amason (1996)
Political behavior	First informant	The extent to which: 1. TMT members were primarily preoccupied by their own individual interests, or acted in the interests of the company. 2. TMT members were open with each other about their interests and preferences related to the decision. 3. TMT members used power to defend their interests and preferences. 4. The decision affected by bargaining among TMT members 5. TMT members formed alliances with each other in order to get their points of view on the table.	Elbanna and Child (2007)

		6. TMT members tended to hide and/or distort information to defend their points of view.	
Cognitive consensus	First informant	Extent to which TMT members agreed about: 1. The best way to maximize the company's long term profitability. 2. What the company's goal priorities should be. 3. The best way to ensure the company's long-term survival. 4. Which company objectives should be considered most important.	Miller et al. (1998)
Power decentralization	First informant	Whether the decision was made: 1. By the CEO alone; 2. By the CEO in consultation with one or very few TMT members; 3. By the CEO in consultation with most or all of the TMT members; 4. By the entire TMT as a group.	Cao et al. (2010)
Behavioral integration	First informant	1. When a TMT member was busy, other TMT members often volunteered to help manage the workload; 2. TMT members were flexible about switching responsibilities to make things easier for each other; 3. TMT members were willing to help each other complete jobs and meet deadlines; 4. TMT members usually let each other know when their actions would affect another member's work; 5. TMT members had a clear understanding of the joint problems and needs of other members; 6. TMT members discussed their expectations of each other; 7. The ideas that TMT members exchanged were of high quality; 8. The solutions that TMT members exchanged were of high quality; 9. The dialogue among TMT members produced a high level of creativity and innovativeness.	Simsek et al. (2005)
Past Performance (control)	FAME data	ROA for the five years preceding the decision.	Papadakis et al. (1998)
Firm size (control)	FAME data	Number of full time employees in the year the decision was made.	Dean and Sharfman (1993)
Environmental hostility (control)	First informant	The business environment was: 1. Very risky; a false step can mean the company's undoing; 2. Very stressful, exacting, hostile; very hard to keep afloat; 3. A dominating environment, in which your company's initiatives count for very little against the tremendous forces of your business or political environment.	Elbanna and Child (2007)
Procedural	First	1. How extensively did TMT members look for	Dean and

rationality (control)	informant	information in making this decision? 2. How extensively did TMT members analyze relevant information before making the decision? 3. There are some techniques which may be used to get more information for taking a decision (e.g. performing quantitative analysis, conducting feasibility studies, using consultants). To what extent did the TMT members rely on such techniques in making this decision? 4. How effective were TMT members at focusing their attention on crucial information and ignoring irrelevant information? 5. Please describe the process that had the most influence on this decision, 1=most analytical, 7=mostly intuitive.	Sharfman (1996)
Decision type (control)	Both informants	Detailed written description provided by informants and then coded as one of: new business investment decision; investments in capital equipment; investment in the marketing domain; internal reorganization investment. All measured using (0/1) dummies.	Papadakis et al. (1998)

Table 2

Descriptive statistics, scale reliabilities and study variable intercorrelations.

Variables	Mean	s.d.	Coefficient Alpha Reliabilities	1	2	3	4	5	6	7	8	9	10	11	12	13
1. Decision quality	5.68	1.25	0.91	**0.88**												
2. Political behavior	2.42	1.01	0.74	-0.30 (0.00)	**0.58**											
3. Investment in new business	0.21	0.41	Dummy (0/1)	-0.09 (0.33)	0.01 (0.96)	-										
4. Investment in capital equipment	0.10	0.30	Dummy (0/1)	0.07 (0.44)	0.00 (0.97)	-0.17 (0.06)	-									
5. Investment in the marketing domain	0.46	0.50	Dummy (0/1)	-0.03 (0.76)	-0.12 (0.19)	-0.47 (0.00)	-0.31 (0.00)	-								
6. Investment in reorganization	0.23	0.42	Dummy (0/1)	0.07 (0.46)	0.14 (0.14)	-0.28 (0.00)	-0.19 (0.05)	-0.51 (0.00)	-							
7. Past performance	1.09	3.25	Secondary FAME data	0.01 (0.94)	-0.10 (0.29)	0.02 (0.84)	0.02 (0.81)	-0.08 (0.37)	0.06 (0.49)	-						
8. Firm size	178	113	Secondary FAME data	0.07 (0.45)	0.01 (0.93)	-0.07 (0.46)	0.20 (0.03)	0.01 (0.89)	-0.09 (0.33)	0.06 (0.56)	-					
9. Environmental hostility	4.34	1.25	0.78	0.08 (0.38)	0.00 (0.98)	-0.19 (0.04)	0.10 (0.30)	0.00 (0.98)	0.11 (0.25)	-0.23 (0.01)	0.09 (0.31)	**0.74**				
10. Procedural rationality	4.87	1.14	0.82	0.32 (0.00)	-0.20 (0.03)	0.02 (0.82)	0.07 (0.46)	-0.20 (0.03)	0.17 (0.07)	0.09 (0.32)	0.09 (0.32)	0.07 (0.44)	**0.71**			
11. Cognitive consensus	5.44	1.13	0.91	0.32 (0.00)	-0.25 (0.01)	-0.03 (0.73)	0.06 (0.50)	-0.00 (0.96)	-0.01 (0.92)	-0.01 (0.95)	0.09 (0.36)	0.13 (0.16)	0.27 (0.00)	**0.85**		
12. Power decentralization	2.81	0.75	Single item	0.22 (0.02)	-0.06 (0.55)	0.07 (0.45)	0.16 (0.09)	-0.16 (0.09)	0.00 (0.98)	-0.23 (0.01)	0.07 (0.44)	-0.19 (0.04)	0.21 (0.02)	0.02 (0.80)	-	
13. Behavioral integration	5.00	1.05	0.91	0.38 (0.00)	-0.47 (0.00)	-0.12 (0.20)	0.10 (0.28)	0.03 (0.78)	0.01 (0.91)	0.02 (0.88)	0.09 (0.31)	0.06 (0.53)	0.46 (0.00)	0.37 (0.00)	0.12 (0.18)	**0.74**

n = 117; *p* values are presented in parentheses; Note: Average variance extracted estimates are presented in bold on the leading diagonal.

Table 3

Rotated factor patterns.

	Decision processes		TMT characteristics		Environment and decision outcomes	
Items	**Factor 1 procedural rationality**	**Factor 2 political behavior**	**Factor 1 behavioral integration**	**Factor 2 cognitive consensus**	**Factor 1 environmental hostility**	**Factor 2 decision quality**
Extensively looking for information	0.83					
Analyzing information	0.86					
Techniques for obtaining information	0.68					
Focusing on crucial information	0.66					
Analytical decision process	0.79					
Preoccupation with individual interests		0.52				
Openness about interests and preferences		0.57				
Using power		0.69				
Bargaining		0.73				
Alliance formation		0.65				
Hiding and distorting information		0.72				
Volunteering to manage workload			0.74			
Switching responsibilities			0.84			
Helping each other			0.92			
Warning team members when actions would affect others			0.80			
Clear understanding of joint problems and needs			0.70			
Discussing expectations			0.55			
Exchanging high quality ideas			0.81			
Exchanging high quality solutions			0.77			
Dialogue producing creativity and innovativeness			0.78			
Maximizing profitability				0.91		
Goal priorities				0.87		
Long-term survival				0.89		
Most important objectives				0.83		
Risky environment					0.85	
Hard to keep afloat					0.87	
Dominating environment					0.79	
Decision quality relative to original intent						0.90
Decision quality given effect on company performance						0.91
Overall decision quality						0.95
Eigenvalue	3.79	2.36	6.31	2.47	2.63	2.05
% of variance	34%	21%	49%	19%	44%	34%

Table 4

Results of the hierarchical regression analysis for decision quality.

	Step 1		Step 2		Step 3		Step 4		Step 5	
Controls:	**β**	***P***	**β**	***P***	**β**	***P***	**β**	***P***	**β**	***P***
Investment in new business	-0.12	0.30	-0.10	0.36	-0.11	0.32	-0.13	0.23	-0.08	0.45
Investment in capital equipment	0.00	0.97	-0.04	0.72	-0.05	0.62	-0.04	0.67	-0.05	0.58
Investment in marketing	-0.07	0.58	-0.05	0.65	-0.08	0.51	-0.08	0.48	-0.10	0.39
Past performance	-0.04	0.65	0.04	0.70	0.03	0.72	0.02	0.81	0.04	0.67
Firm size	0.04	0.66	0.01	0.91	0.01	0.95	-0.01	0.93	-0.02	0.86
Environmental hostility	0.03	0.77	0.07	0.47	0.07	0.44	0.07	0.49	0.09	0.34
Procedural rationality	0.26	0.01	0.12	0.25	0.11	0.27	0.08	0.41	0.04	0.72
Political behavior (H1)	-0.26	0.01	-0.15	0.13	-0.14	0.15	-0.12	0.21	-0.08	0.40
Moderators:										
Cognitive consensus			0.17	0.06	0.15	0.14	0.15	0.11	0.22	0.02
Power decentralization			0.19	0.05	0.18	0.07	0.18	0.06	0.16	0.10
Behavioral integration			0.16	0.16	0.17	0.12	0.14	0.20	0.11	0.32
Interactions:										
Political behavior × cognitive consensus (H2)					0.10	0.26	0.09	0.30	0.00	0.98
Political behavior × power decentralization (H3)							0.19	0.04	0.08	0.40
Political behavior × behavioral integration (H4)									0.29	0.01
R^2	0.18		0.25		0.26		0.29		0.34	
ΔR^2 due to step			0.07	0.02	0.01	0.26	0.03	0.04	0.05	0.01

n = 117;
Standardized regression coefficients are shown;
Investments in reorganization were used as the base category and thus naturally excluded from the table

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