ABSTRACT

Does complexity affect the strategic decision making (SDM) processes? If it does, then in what way are the decisions that are taken by managers affected by the increasing complexity? Inspired by these questions, we embarked on our research to explore the linkages between complexity, the decision making processes and the decision effectiveness.

Researchers in management have been studying the processes of strategic decision making for several decades from various perspectives. In the recent decades, the rapid increase in technology, competition, deregulation and globalization has fundamentally altered the business landscape that firms face. While these have made possible new ways of doing business, the associated complexity has gone up many folds. Therefore (ito has specifically spec

dissertation to address an urgent need in SDM process research and draw managerial

literature. This theoretical gap was addressed methodologically through a quasiexperimental method using simulation.

We summarize the key findings of our research below:

Š Though the occurrence of RDM shows significant effects for changes in complexity, its qualitative character remains largely resistant to change. Complexity affects the PDM and IDM processes greatly and the team complexity has much greater effect compared to the decision problem complexity on these processes. DME variables seem greatly resistant to change when

of the DME, there is a marked decrease in the acceptance of the decision within the team.

Some major implications of our study are as follows:

- Š We find that the occurrence of a few characteristics of the rationality construct go down with increasing complexity, while there is qualitative improvement in a few other variables constituting the construct of rationality. We show that rationality should be viewed in a multifarious way as greater visible rational characteristics of the team do not translate into better quality of decisions and vice-versa. This resolves a long standing debate in decision making literature about the contradictory findings on the effectiveness of rational decision making in different environments.
- Š Our study indicates that judging the quality of decisions of a firm by merely economic outcome measures might be inappropriate, as many factors other than just the decision quality ultimately translates into economic returns. Though the quality of DME remains stable in complex environmen

§ We observe that the three DMPs namely rational, political and intuitive decision making processes are not working on an either-or basis. This suggests that a team exhibiting strong intuitive decision making will be a rational as well as a political