

# The role of intuitive judgement in strategic decision-making

[Philosophy](#)



## **Introduction**

This research will examine The Role of Intuitive Judgement in Strategic Decision-Making by studying the measures used within the organisations and means of a Literature Review. Literature Review will look at the, use of intuitive skills which will be discussed. Research questions, the circumstances under which intuitive judgement is employed and the conditions under which it is effective and strategic decision-making are considered. Finally, the Literature Review will explore the role played by intuition in TMT decision-making.

Using MBTI (Myers Briggs Type Indicator), the study will analyse the decision making style of managers. Those are two perceiving functions, sensing and intuition (irrational) & the two judging functions, thinking and feeling (rational). Myers et al., 1998 has identified four cognitive styles (ST, SF, NT and NF). Sufficient support has received for using the method of MBTI (Myers Briggs Type Indicator) as a measure of Jungian Personality dimensions. (e. g. Rosenak & Shontz 1988; Gardner & Martinko, 1996; Myers et al, 1998). (Cited in Gallen, T. 2006). Thus this study will fill the gap between Hambrick and Mason's (1984) 'upper echelons' model of organizations, in the field of strategic decision-making which mainly examined the demographic factors influencing top management team's (TMT's) decision-making and firm performance not intuition's role and team interaction mechanisms affect in the process of decision making and firm performance.

The research question is: How do team interaction mechanisms affect intuitive judgement of the Leader (Decision Maker)?

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## **Approach and Outline(Theory Being Tested)**

The conceptual model shows that Team effectiveness – displayed as an input-throughput-output model – is a multilevel phenomenon. As Hambrick and Mason (1984) argue, corporate performance is a reflection of the decision makers in the upper echelons of the corporation, thus director-level variables are linked to firm-level variables. However, as argued above, this type of reasoning ignores Agor (1986) study which indicates that intuition is especially important in situations characterised by high levels of uncertainty, where facts are limited, where there are few precedents and when time is limited.

In order to promote change in an organization's strategy, (Gallen, T. 2006) it might be necessary to consider a successor's personality too: sometimes a sensing (S) manager may be replaced by an intuitive (N) manager. (Gallen, T. 2006) In line with Clares (1999) suggests that those who can think intuitively may have a valuable contribution to make to the management process, thus Director Characteristics include Extraversion (E)/Introversion (I) Sensing (S)/Intuition (N) and Thinking (T)/Feeling (F). Next, these input variables lead to outcomes, first at the team level. The team role performance block is to be interpreted as the issue to what extent the team monitors top management and to what extent the team provides resources to the firm. Team-level outcomes contribute to firm performance, where one has to take into account that good corporate performance is defined differently by various stakeholders (Wood and Jones, 1995).

The behavioural propositions will be tested on a dataset that will be gathered for this research. This data will consist of answers to a wide variety of statements on team working style and the company's environment. Several hundred replies will be collected from UK and Indian SMEs and MLEs, CEOs. The studies in this set focus on UK and Indian corporations.

A first study will identify team processes such as effort, conflict, cooperation and use of knowledge and hypothesis upon the relationships among these concepts and between these concepts and team role performance. An intriguing issue in this research is that the major team roles that have been identified are theoretically non-complementary (monitoring requires distance, whereas strategy and service demands proximity) and practically unidentified because various activities are performed that could be considered part of both roles.

A second study will test hypotheses on team capital and team performance, confronting the views of CEOs and chairmen on team relations. For both studies, case studies and small sample quantitative research needed to be identified the variables of interest and standard instruments to measure these concepts have been developed but it remains to be shown that the results generalise to larger populations and which contextual forces are important.

The second set of studies concerns the team's role in satisfying claims of stakeholder groups other than shareholders only. Specifically, it will be analysed whether some demographic configuration of the team is preferred

to other team structures if it comes to making stakeholder relationships profitable.

Thus, in terms of Figure 1, the middle column is held constant and a detailed analysis of director characteristics on various performance measures will be undertaken. A longitudinal study will be undertaken to investigate the dynamics of the alleged relationship between team interaction mechanisms and intuitive judgment. This study thus assesses whether team interaction mechanism is a serious issue. A cross-sectional study will be conducted to pinpoint at network theoretical and team demographic variables that are key to this relationship, seeking an optimal team structure from various team management's views.

The third and final set of studies takes a specific aspect of the intuitive role of directors and a theory of intuitive judgment in strategic decision making will be developed and answers will be sought to the How do team interaction mechanisms affect intuitive judgment of the Leader (Decision Maker)?, question that have been left unanswered to date.

This field is theoretically highly undeveloped and thus it is not yet clear where to fit the set of studies in Figure 1. It is likely, however, that the development will be parallel to the first set in which director and team characteristics will be considered as drivers of firm strategy.

The empirical setting is United Kingdom and India, for which a set on compliance with the corporate governance code and director profiles and networks will be composed. The studies are cross-sectional in nature and

cover the majority of UK and Indian listed corporations. Qualitative data will be used in this connection and analysis of data will be interpreted using SPSS.

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