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Exploring Strategic Decision Making In a Large Organisation

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ABSTRACT

This paper explores strategic decision making in a large organisation. Utilizing postmodern narrative theory, stories were analysed using theme analysis and then placed on a paradigm grid to facilitate understanding of group decision making. In this paper the purely cognitive account of decision making is challenged as it fails to accommodate the personal motivation of decision makers and the political nature of many organisational decisions. The study also indicates that when decisions are made as a team, an integrator is needed to manage individual expectations. Finally the role of judgement in complex decision making where there is a high degree of uncertainty is explored and insights are gained into the practice of strategy.

Keywords

Organization, strategy, decision making, judgement, postmodern narrative theory, theme analysis.

INTRODUCTION

A change in strategic direction often takes place when an organization is faced by external threats. For such change to take place in large organizations, a number of participants are involved in making decisions and implementing the changes that are required. The purpose of this research is to explore strategic decision making in a large organisation and to understand the role of judgement in such decision making. Whilst the 'what' and 'why' of strategic decision making is explored in depth in the extant literature (Whittington, 2006), there is little research on 'how' the decisions are arrived at, and in particular the role of judgement. This paper is an attempt to address this issue.

The paper begins by outlining the interface between praxis and judgement. This is followed by an exploration of decision making models. Postmodern narrative theory is used as a methodology as it is an appropriate method to understand practical thinking and complex situations. Three participants involved in the launch of Air New Zealand's domestic express service were interviewed, from which seven themes were identified. Finally, the paper discusses the implications of the research.

BACKGROUND LITERATURE

In general, decision making linked with action is fundamental to any organisational activity. However, when the situation is complex and there is insufficient information available to guide the decision maker, the role of judgement becomes important. The role of praxis, that is the combination of judgement and action in an organisation will be dependent on the individuals involved and the context of the situation.

Praxis is concerned with activity and is based on Aristotle's distinction between praxis and phronesis, where the former is about action in a particular situation and the latter is about morals dispositions, which directs praxis (Bernstein, 1983). Therefore, praxis involves the interaction of judgement and action.

According to Bernstein (1983), praxis allows for the mediation between the universal and the particular, involving practical judgement which involves deliberation and choice. Praxis involves choice and judgement about practical issues in concrete situations. This leads to the notion of informal action, which is the ability to coherently explain and understand situations where judgements are made.

But as noted by Yankelovich (1991), good information is seen as the key to decision making so the more facts the better the decision, but when such facts are lacking then judgement is used as a fall back position to fill the vacuum. However, judgement is not a

substitute but an independent variable and consequently plays a different role. Information is not reducible to judgement, or vice versa. All large management decisions involve both factual and judgemental elements, but good judgement cannot be assumed.

Also, judgement is used when there is no theory to explicitly guide the decision maker. As noted by Dunne (1999), it is when situations are atypical that judgement is crucial.

'Judgement, then, is in the first instance an ability to recognise situations, cases or problems of this kind (which are precisely of no clearly specifiable kind) and then to deal adequately (effectively, economically, elegantly) with them' (Dunne, 1999 p. 709).

Therefore, judgement comes into play when there is insufficient information, due to either incomplete analysis or too much complexity, created by competing demands. This can be summed up by the general term 'uncertainty'.

According to Brownlie and Spender (1995) there are four types of uncertainty. The first is where uncertainty is caused by incompleteness of information, meaning that one is ignorant of all the details. The second type of uncertainty is caused by indeterminacy, with respect that the interests of other actors in the organisation need to be taken into account. The third is where uncertainty is caused by a dissonance between theoretical models and the situation which is being confronted, resulting in the model being disregarded. Finally, uncertainty is caused by incommensurability, that is, knowledge of the situation has not been integrated into a conceptual model or framework, so the decision maker has trouble making sense of the situation. 'So, in the context of strategic decision making, the exercising of judgement is a collective activity that is informed by, and derives legitimacy from, the judgements of individuals and groups' (Brownlie and Spender, 1995 p. 412). However, Brownlie and Spender, (1995) believe that analysis and judgement support each other. However, it is when there is ambiguity and the decision is complex judgement comes into play.

To explore the issue of judgement in more detail, Brownlie and Spender (1995) utilise a Strategic Balance Matrix (Figure 1)

	Analysis (perfections and certainties)	Judgement (imperfections and uncertainties)
Resources (our costs)	B	A
Markets (other's values)	C	D

The vertical dimension of the matrix distinguishes knowledge of assets from knowledge of opportunities. Knowledge of assets refers to a firm's resources within the organisation, whereas knowledge of opportunities refers to the market environment outside the organisation. The horizontal axis, on the other hand, refers to areas of high uncertainty in contrast with areas of low uncertainty. As can be seen, it is in the area of high uncertainty where judgement comes to the fore. Following on from this, good judgement cannot be assumed.

'Each cell implies the application of different kinds of managerial skills: cell A is the province of the creative and visionary; cell B of the bureaucrat, able to devote careful attention to detail and organization; cell C is similar to cell B, but it involves affairs outside the firm and is the traditional domain of the salesman and marketer; and cell D is the province of the negotiator who can deal comfortably with those who have power over the firm's affairs' (Brownlie and Spender, 1995: 46)

In a large organisation there could be a role for each of the quadrants with the task of the leader to create a cohesive culture by acknowledging each person's contribution to the task at hand.

As noted, judgement is part of decision making and within management, there has been a great deal of literature concerning decision making (Wilson and Woodside, 2001) based on different information processing models. Lord (1990), outlines four information processing

models (rational, limited capacity, expert, and cybernetic), but notes they are all based on a rational underpinning. However, these models have been criticised by Buttle (1995) due to their linearity and as such ignore recent developments in communication science.

In contrast to the above, a framework presented by Wierenga and van Bruggen (1997), based on a cognitive approach is used to describe the decision making processes of managers. They argue that there are four types of distinct activities involved in decision making. The first is optimizing where the managers search for the best outcome. The second is that of reasoning, where the manager uses a mental model to understand the problem. The third activity involves the manager analogizing by searching for similar problems and outcomes in the past to make sense of the present problem. The manager may delve into their own experiences but also utilise cases that have arisen from either companies operating in the same category or other industries. The fourth activity is creating, which involves the manager developing novel and effective ideas to solve the problem. The first two activities are termed analytical and the last two activities are termed associative.

The four modes are not mutually exclusive in the sense that only one activity can be used to solve a problem. In other words, a decision maker can use different modes to solve the one problem. However, Wierenga and van Bruggen believe that there is a dominant mode based on what the decision maker uses the most. Also, it is important to note that the activities are not stages that a decision maker goes through, unlike Piaget's theory of cognitive development or Kohlberg's model of moral reasoning, which are both based on a cognitive psychology.

Wierenga and van Bruggen note that the utilisation of the above modes will be hampered by the characteristics of the decision maker and the context of the decision making, where time constraints, market dynamics, and organisational culture will influence the decision making process.

The above approach, based on cognitive science, has been criticised (Hackely, 1998), because it is based on a reductionist metaphor of cognition and assumes a logical empiricist framework. Hackley (1999), argues that to understand practical activities in an organisation, a pedagogic shift is required. Moisander and Stenfors (2009), also argue from a strategy-as-practice perspective, organisations have a different epistemic culture, thereby requiring a different research approach. They note that rational problem solving tools may be inadequate. Schön (1983), too, argues that that the logical empiricism/positivism is inadequate in analysing and understanding organisation decision making. Ardley (2006), also notes that

decision making takes a prescriptive approach, based on a rational technical premise, which is inappropriate for the decision maker in an environment which is ambiguous and uncertain.

METHODOLOGY

The aim of the research was to test the veracity of the cognitive decision model, to understand the different perspectives of the participants involved in the decision, and to understand the role of judgement. By exploring the above three issues, insights will be gained regarding the practice of strategic decision making.

Postmodern narrative theory was adopted as a method to understand management decision making in an organisational context. It is an appropriate method to understand practical thinking as it is through stories that a manager's praxis can be understood (Boje, 2001).

Traditionally, narrative theory has been based on a modernist viewpoint and was developed from the structuralists and formalists, who were searching for regularities and underlying laws that were deemed to exist in the format of the story (Myrziades, 1987). The postmodernism condition makes coherence problematic, due especially to the notions of fragmentation and simulation. The researcher can only obtain bits and pieces in an attempt to work out the puzzle but is unable to complete the whole picture, therefore finding coherence difficult to obtain, unlike a modernist account which demands coherence.

The question arises as to the reason narrative theory was chosen as a methodology. From an affirmative postmodern perspective, science is not in a privileged position in terms of knowledge-generation (Rorty 1979; 1982; 1989). Other forms of inquiry, such as literature and films, are equally valid ways to gain knowledge. But this is not the only justification for the adoption of narrative theory as a methodology. Another important reason is that the narrative form is an excellent way for researchers to understand practical thinking. 'Narrative thinking involves the building of a convincing story which attempts to show the coherence between the actions of the individuals involved in a particular situation and the meaning of the situation for them' (Tsoukas & Cummings, 1997). Also, narrative theory allows for multiple voices to be heard and complex situations understood. A further reason why narrative theory is appropriate is because hermeneutics began as a study of texts (Paton, 2002), and narrative theory extends the idea of text to incorporate in-depth interviews and stories based on life history. Hermeneutics, with its emphasis on interpretation and context (Patton, 2002) is part and parcel of narrative theory.

Boje (2001) uses the term 'antenarrative' to describe postmodern narrative. What is important is that many voices are taken into account in a fragmented, non-linear way. Antenarrative is never ending, whereas narrative attempts to ring-fence a story, making it coherent, sequential, and complete. Therefore, narrative and antenarrative can be combined so that a multi-voiced methodology is adopted. However, antenarrative is not to be confused with anti-narrative, where the latter term is used to explain a story which is told in the present without plot or closure.

Boje (2001), in 'Narrative Methods for Organizational and Communication Research' outlines eight methods for conducting narrative research, namely deconstruction, grand narrative analysis, microstoria, story network analysis, intertextuality, causality analysis, plot analysis and theme analysis. Two methods were selected for this case given the context and the number of respondents. First is grand narrative where the story is based on a macro view of the event. Such stories are told at the expense of other minor stories that resist the main thrust of the plot. A grand narrative can be seen as a metanarrative that contains a system of truth and by taking a dominant position it marginalises other discourses. This tool was selected as it gave a background to the respondents' different stories.

The second method was theme analysis (Boje, 2001), as it enables one to categorise a story regarding the manner in which decisions were made. There are two primary ways that this can be achieved. The first is to use a deductive approach whereby the themes are applied from the "outside". Such an approach according to Boje (2001) is termed an etic taxonomy. The second way to categorise a story is using an inductive approach whereby the themes of the story emerge from the transcripts of the interviewed. The term emic is used to refer to the way the storyteller sorts their story as they tell it. However, it needs to be noted that these are not mutually exclusive methods, as both approaches can be used to examine a story.

Respondents from Air New Zealand were asked to reflect on the strategic decision to introduce domestic Express service to their New Zealand service. Air New Zealand was chosen as it had made an important strategic decision. Also, several key people were involved in the decision making (however, their roles cannot be disclosed due to an agreement regarding anonymity), and secondary data was available as the decision had been reported in a number of business magazines.

A grand narrative was written using material from secondary data (Bryant, 2001; Stride, 2001; Kennedy, 2002; Stewart, 2010). In contrast, three different narratives were obtained from individuals involved in the decision, and the themes from these narratives were obtained.

The participants were given the following verbal instruction by the interviewer: “I have written a realist account of the introduction of Express Class in the domestic market. The information for this case was gained from secondary sources, e.g. newspaper and magazine articles. In contrast to this I am interested in your story ... your perspective on the issues surrounding the development of the strategy and the implementation of domestic Express. Casting your mind back, how did you make sense of such an important change in direction for the airline?”

A broad question was used as Chase notes, ‘It may be easy to articulate a broad open question that will invite a personal narrative’ (Chase, 2005 p. 662). However, such an approach means that the resulting story cannot be known, predicted or prepared in advance. According to Chase (2005), the interviewer can adopt a number of voices. The first is that of an authoritative voice, where the interviewer asserts their voice on the story, as they often have a different interest from that of the storyteller. In other words, they have their own agenda. This type of voice is open to criticism according to Chase (2005), as the interviewer’s stance is at the expense of the storyteller. The second type of voice is supportive, where the storyteller’s voice is pushed into the limelight. The researcher makes decisions at the end of the interview process about which part of the story to include but do not, according to Chase (2005), dwell on the interpretation. ‘At its best however, this narrative strategy aims not for establishing authenticity but rather for creating a self-reflective and respectful distance between researcher’s and narrator’s voices’ (Chase, 2005 p. 665). The supportive voice was adopted in this case because it was important to hear the different voices to gain a multi-voiced perspective. ‘Furthermore, when researchers treat narration as actively creative and the narrator’s voice as particular, they move away from questions about the factual nature of the narrator’s statements. Instead, they highlight the versions of self, reality, and experience that the storyteller produces through the telling. Although narrators are accountable for their stories, narrative researchers treat credibility and believability as something that storytellers accomplish’ (Chase, 2005 p. 657). In other words, the stories were believable because they made sense.

In terms of the selection of themes an inductive approach was used, that is, the themes emerged from the transcripts. This involved reading each respondent’s narrative and noting the themes that were contained in each story. As O’Leary (2004) notes, ‘many researchers will look for concepts to emerge inductively from their data without any preconceived notions’ (O’Leary, 2004 p. 197). When the themes were obtained, a deductive approach was used in terms of the categories of optimising, reasoning, analogising and creativity.

Interestingly, in each of the respondent's stories, there were no grand narratives. It is assumed that this was because the respondents knew that I had written a realist account to the background to their stories, so there was no need for them to reiterate the material.

Whilst the original theme selection was inductive, it is not being claimed that all possibilities have been exhausted. Nor is it being claimed that there has been no reflexivity involved in the process. The stories that were told constitute the material which could be used to understand judgements and processes involved in action and their consequences, rather than as an attempt to ground the stories as some foundational truth statement.

CASE STUDY

The grand narrative was a descriptive account of the problems facing Air New Zealand and how it responded to the crisis. In summary, in 1996 Air New Zealand bought 50% of Ansett Australia and by June 2000 they had bought the remaining 50%, but without doing due diligence. In April 2001, Ansett faced a crisis where ten Boeing 767 were grounded by the Australian Civil Aviation Safety Authority which covered the busy Easter period, thereby resulting in \$8 million lost revenue. By September 2001, following a significant downturn in performance leading to unsustainable levels of financial losses, Ansett was placed into Voluntary Administration and Air New Zealand reported a \$1.43 billion annual loss after writing down \$1.32 billion from its Ansett investment. Consequently, Air New Zealand was on the verge of bankruptcy so the New Zealand Government announced a new proposal whereby they provided a capital injection of \$885 million.

However, Air New Zealand was not the only airline having problems at this time. September 11 2001 put the world airline industry in turmoil, with a drop in travellers of up to 20%. Airlines responded by cutting fares, laying off employees, reducing airport facilities and eliminating meals on some flights. Also, the industry was undergoing major structural changes, such as the deregulation of the industry by allowing open sky agreements; the emergence of global competition with the advent of airline alliances; the growth of Valued Based Airlines (VBAs), that is, low cost operators such as Southwest Airlines and Ryanair; and the rationalisation of ticket distribution due to airlines using their own internet sites and call centres.

Air New Zealand operated three core services, each serving customers with different needs. The domestic service, the most profitable, operated solely in New Zealand, whereas the Pacific service operated in Australia and Pacific Island flights, and the Long Haul operation consisted of flights over five hours. The decision was made to start restructuring the

domestic service by implementing a new business model. Radically different from the then current service, the new product was called domestic Express class. The impetus to implement this new business model was to act as a barrier to entry against a VBA operator, thereby protecting the most profitable core service.

A summary of the key changes to the service were: The business class seats were removed from the Boeing 737 fleet thereby making a one class service, consequently increasing the number of seats from 122 to 136. Full meals and drink selections were replaced with a biscuit, tea, coffee, water and a give-away mug. A tenth Boeing 737 was added to expand the main trunk schedule to cope with the anticipated growth in passengers. Fares were lowered and simplified with the removal of advanced purchase or minimum stay conditions. Changes to distribution meant that passengers were able to gain a lower fare within any of the schedules, by booking on the internet. From only 4% of domestic online sales before Express Class, it was hoped for a target of 70% of domestic sales to be made via the internet was set.

Following closely on from the launch of the Express service, Air New Zealand introduced self-service check-in kiosks at main domestic airports allowing customers travelling with electronic tickets to print their own boarding pass. Customers were also able to use the kiosk to select their seats and indicate if they had bags to check in.

From the interviews with the three respondents, seven themes were identified from the respondents' stories. The theme *creating and implementing a communication proposition* primarily involved associative type reasoning. The advertising agency was briefed about the new communications strategy.

'Now every single piece of marketing activity we had ever featured had always featured an airplane – it was almost a standard pack shot as the hero, that was the core and a lot of emotive branding of the airline in the past and we said, we are going to strip all of that out and we are encouraging you as the agency to think of taking a proposition to market that doesn't feature an airplane, doesn't feature our product at all. And the agency took a long time – firstly to come to terms with the fact that we were going to make all of these changes to domestic, secondly that we were going to make all these changes by the 31st of October, so that within six months we would completely, radically have rethought the domestic product and reduce fares by 30%. And the third challenge for them was to say that we are going to do this without talking about ourselves as an airline, but we were going to talk about ourselves purely as a service provider and not as an airline. So it

took them about a month to get over that – the fact that we were actually going to follow up on that and to genuinely do it’. Respondent A.

Creative reasoning was also evident regarding the development of the advertisement.

So the reason I’m coming onto this and I think this is pretty critical, is that we took it absolutely right back to basics and this was the defining moment. When we drew this chart on a whiteboard we developed ‘Being there is everything’ within 15 minutes of drawing this chart. Somebody drew this on a board and we instantly went ‘now I understand where we are heading’. Respondent A.

The *internal marketing* theme was bordering between conceptual modelling and associative type reasoning. Whilst it was essential to communicate the new product to the general public, it was also important to get staff support to the new product positioning and the advertising campaign because of their daily contact with customers.

‘The hardest part was more internal than external. It was actually getting across to people in the company the fact that we were about to spend money that we didn’t have – we had lost \$1.8 billion...It was pretty hard and it was pretty bold to try and get that understood by engineers and pilots who want to see more aircraft in those ads. For them this was a huge conceptual mind change.’ Respondent A.

The *market research* theme involved conceptual reasoning. The amount of market research was concentrated on the product where the issue was centred upon the question, whether passengers would be prepared to give up a certain amount of in-flight service for a price reduction.

..‘We didn’t do a huge amount. We did a lot on the product. We didn’t do a lot on the campaignand it was only when their friends – you know the BBQ test – when friends were saying to them ‘I saw your ad last night and it really struck a chord with me and it really resonated. In a small market, you don’t need to do much market research’. Respondent A.

The theme that involved optimisation type activity was that of *pricing*. The use of models and quantitative analysis of data was evident in the narrative. The pricing strategy involved a whole new rethink. This meant disbanding the old revenue management model

and developing a 'bias to volume' model by making more seats available at a lower price, and consequently getting the customer to buy more often.

.. 'A lot of price elasticity work around the different segments of the market, a lot of work to understand what the growth forecasts were going to be like and how we were going to manage that and how the revenue was going to change'. Respondent B.

Another theme was that of *crusade* as the respondent wanted to become involved in the project and take ownership of the problems surrounding pricing. On the one hand senior management were developing a pricing strategy without a good grasp of the cause and effect consequences, whereas on the other hand staff in revenue management were committed to the traditional way of calculating a price strategy.

.. 'And I managed to insert myself in those projects because I was deeply worried about what people were going to assume, particularly around my area at the time – pricing – but also about the revenue management areas, the network planning areas, and effectively the kind of analysis and research about what might happen if they took certain courses of action'. Respondent B.

Working through the issues Respondent B came to the realisation that he needed to come up with a new approach.

.. 'Now, I won't say that I had an epiphany or anything like that in the process, but after much to-ing and fro-ing and debating about what was best, it finally clicked in my mind that instead of looking at it solely from a pricing perspective which was my mandate, I needed to take it to the next step and say "actually our revenue generation as a business is driven by both the pricing set, and the revenue management set." So what I needed to come up with was a new way of doing both'. Respondent B.

Once the respondent had developed the basis of the new pricing strategy it was necessary to sell the idea to the other participants, which involved talking through the issues with the revenue management team, as well as market planning, so they could see that they needed to do things differently.

'So it was quite a lengthy process to try and get both sides onside'. Respondent B.

The personal crusade took commitment and determination but paid off in the end. The company relied on the respondent's analysis and judgement, trusting in his ability to find the right solution.

The sixth theme is that of *political manoeuvres*. Within the organisation it was evident that there were two factions, one representing a more traditional approach and the other pushing for a more radical approach based on a low cost carrier model.

.. 'In the end it was the CEO who was able to settle the conflict and facilitate decisions. At the time, of course, there was conflicting views within the company as to what the strategy should be. And I guess you could say that there was a power struggle to a degree, in that we had Andrew Miller who was heading up part of the company, including Strategy & Marketing, and then we had Norm Thompson heading up very much the Sales side of the company. And the two of them initially had differing views on the strategy and Ralph had to be the arbitrator on many occasions on how the strategy would work. We probably had a lot of conflict in the early stages, which in some ways you could say "old airline thinking" versus "new airline thinking". Respondent C .

Given this conflict, it became apparent from the interviews that there were people in the organisation who were disengaged and to some extent alienated. This was primarily because a new board and new senior management team had taken over and was more concerned with the future of the organisation than past successes.

Also fuelling the conflict, were the insights many employees developed regarding the implementation of the strategy. On the one hand, the reasons for change were clear and there was a general understanding of the model as it was presented, but on the other hand, there was a hesitancy that the company could be throwing out the baby with the bath water.

In the end it was the CEO who was able to settle the conflict and facilitate decisions.

... 'And I saw Ralph as MD being very much an arbitrator. He was a good leader in that he was able to diplomatically manage the two camps and then come down and make what he thought were the right decisions, without getting too much into the conflict himself. He very much sat back out of the day to day tussle and then made the final calls'. Respondent C .

The final theme is that of *distribution*, which used conceptual type reasoning, tempered by associative type activity to make sense of the information. Two issues were developed in

this theme. The first was the decision to increase internet sales as this distribution channel required a lot of development.

And of course there was some pretty new stuff, like distribution via the internet, where Air New Zealand had only really been scratching the surface on that, and Express required a huge leap to improve the internet distribution and develop off the lower fares and so on'. Respondent C.

The second centred on the commission paid to travel agents. What was of concern, was the impact that the decision not to pay commission for domestic travel would have on international travel revenue, which relied primarily on travel agents' bookings.

'For example, the decision to go to zero commission for travel agents was a mammoth internal debate because we had traditionally distributed the product through travel agents, and many people were not convinced that the internet was ready to take the channel shift that we needed, and that the customer wasn't ready to move away from travel agents to a direct position. And also because we were reducing the travel agents' income domestically we would get a backlash on the international services'.

Respondent C.

The issue was further compounded by the fact that Air New Zealand had set itself up in direct competition to travel agents by having 0800 telephone sales, travel centres (shops), and now the internet.

'The net result was that most travel agents earned less money from Air New Zealand and at the same time we set ourselves up in very direct competition, because we had a pricing advantage on the internet'. Respondent C.

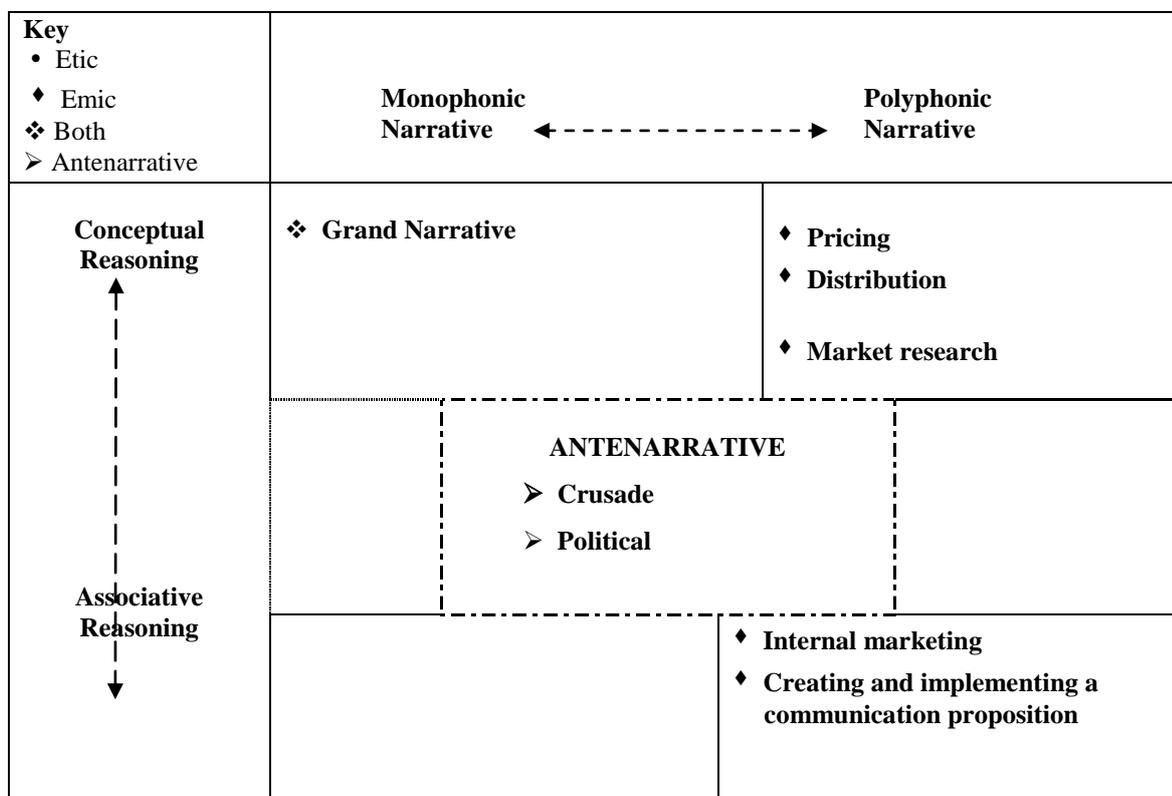
The outcome with the above changes meant that the relationship with travel agents changed.

DISCUSSION

The above seven themes can be placed on a paradigm grid, adapted from Boje (2001), to explore management decision making (see Figure 1). The x axis of the framework ranges between monophonic and polyphonic narrative. The y axis is based on Wierenga and Van Bruggen (1997) categorisation of decision making activity. The conceptual dimension comprises the optimisation activity and the mental modelling activity, whereas the associative dimension encompasses the two activities of analogising and creating.

The Grand Narrative, referred to earlier in the text, is monophonic and is based on a conceptual type of activity, whereas the seven themes vary in terms of their dominant reasoning pattern. Whilst three themes, namely pricing, distribution and market research involved conceptual reasoning, two themes, internal marketing, and creating and implementing a communication proposition were based primarily on associative reasoning. Whilst this research gains some insight from the use of the cognitive classification published by Wierenga and Van Bruggen (1997), it needs to be noted that two themes, *crusade* and *political*, were seen as being outside their classification. Consequently, it is argued that such themes indicate that Wierenga and Van Bruggen’s classification is neither comprehensive or exhaustive, posing a significant barrier to widespread use of their model. In particular, the case study points to a considerable flaw in their model in as much that it is unable to explain decisions based on emotional responses or politically motivated decisions. From a postmodern perspective, the distinction between cognition and affect is based on Cartesian dualism and should be avoided (Rorty, 1979).

FIGURE 2 NARRATIVE THEMES APPLIED TO AIR NEW ZEALAND



Source: Adapted from Boje, 2001

Another interesting point is that decision making in the organisation was conducted as a group project, carried out over a period of time, with group members representing different facets of the organisation. The benefit of postmodern narrative research is that it allows different voices to be heard, without the need to derive foundational knowledge, that is, knowledge that is based on a theory of knowledge, from which truth claims can be made. The key point is that different perspectives of a situation are gained. Interestingly, each participant had their own version of events and their involvement, each with their own perspective. Whilst different members utilised different skill sets, whether it be conceptual and/or associative reasoning, it would appear they operated in isolation, each pursuing their own agenda. This is to be expected in a large project. However, the role of the integrator becomes important, and in this case, the CEO was observed to have played this part and sometimes adjudicated between parties involved in a dispute. Whilst different skill sets are important, maintaining a balance between the players is also important, and it is also important that different voices are not marginalised.

The case study also indicates that theories-in-use (Schon, 1983) by the respondents. For example, the belief that price could be used as a barrier to entry without sacrificing revenue from significant segments of the market was evident. Similarly, using knowledge of price elasticity to change the price to increase primary demand, that is, attract new customers who might travel by other means, such as by car, train or ferry, and also increase the rate of purchase, that is people flying more often, was also evident.

It could also be argued that the stories as told by the respondents were self serving, but this brings in the question of reliability. If, following Rorty (1979, 1982, 1989), the task is not to gain foundational knowledge but to gain different perspectives, then the question of reliability is of mute or lesser interest. What is of concern is that the stories have internal consistency, and they make sense in light of the grand narrative and the other participants' stories.

In addition, and with respect to insights gained from the thematic analysis, it needs to be recognised that decisions in a large organisation have a political dimension to them, and also an emotional aspect. These two dimensions, over and above the dimensions outlined by Wierenga and van Bruggen (1997), need to be acknowledged and incorporated in any analysis.

Furthermore, the case analysis demonstrates the utility and applicability of the Brownlie and Spender (1995) strategic balance model regarding judgement, especially when the themes are overlaid on to their matrix (see Figure 3).

FIGURE 3 STRATEGIC BALANCING MATRIX FOR THE CASE

	Analysis (perfections and certainties)	Judgement (imperfections and uncertainties)
Resources (our costs)	B Bureaucrat Themes: <i>Pricing</i> <i>Market research</i>	A Creative and Visionary Theme: <i>Creating and implementing a communication proposition</i>
Markets (other's values)	C Salesman/marketer Themes: <i>Internal marketing</i> <i>Distribution</i>	D Negotiator Themes: <i>Crusade</i> <i>Political manoeuvring</i>

Cell A involved one theme, namely ‘*creating and implementing a communication proposition*’, which involved judgement regarding creating the advertisement. The exercise of judgement was evident when the creative team worked on the whiteboard and came up with the proposition ‘being there is everything’, and realised that was the way forward.

The theme of ‘*pricing*’ fits into Cell B where the decision was essentially analytical, using extent theory-in-use, thereby mitigating the need for judgement. The theme of ‘*market research*’ fits into this cell as well as it was driven mainly by analysis, except when judgement was exercised with the use of the ‘barbecue test’ to justify the communication proposition.

The themes of ‘*internal marketing*’ and ‘*distribution*’ fit into Cell C as the decisions were concerned with sales and marketing issues, involving communication to people outside of the decision team with the aim to win them over to the new strategy.

Cell D, the CEO as negotiator, involved judgement regarding the political manoeuvring that was taking place in the organisation and, in the end, the CEO used judgement to decide the path to follow.

As can be seen, the case indicates that the exercise of judgement primarily takes place in Cells A and D, but it can be seen that there is a mixture of analysis and judgement in all cells. Therefore, the amount of judgement required will be determined by the type of decision that is being made, influenced by the constructs of the above matrix.

The analysis provides a perspective on how strategy formation takes place in a large organisation, and reveals how different participants, with different skill sets, need to be managed differently. Indeed, each respondent may have a unique perspective, thereby leading to different 'voices' in the organisation, each with its own expectations and agenda. This political dimension also has to be carefully managed.

CONCLUSION

This paper has explored strategic decision making in a large organization. Using postmodern narrative theory, the themes of three respondents were explored with the regard to the decisions that were made as part of a team involved in the launch of a new domestic service for Air New Zealand. Whilst a grand narrative described why the changes took place and what changes were made, the respondents' narratives explained how the changes were made. The narratives were analysed and seven themes were identified, namely *creating and implementing a communication proposition; pricing; market research; internal marketing; distribution; crusade; and political manoeuvring*. The themes indicate that each respondent had a role in the decision making independent of the other participants and that the CEO played the role of integrator. The research shows that decision making in a large organisation relies on personnel with distinct skills and abilities, along with different perspectives and agendas, so consequently they need to be carefully managed without marginalising their contribution.

The paper draws attention to the weakness of the cognitive decision making model, as it fails to take into account the political nature of decision making and also the emotional component of decision making. Also the model, based on Cartesian dualism, is challenged as it is based on a reductionist metaphor of cognition within a logical empiricist framework. As noted in the literature, a different episteme is required when attempting to understand strategy development.

Finally, in complex decision making where there is ambiguity and uncertainty, judgement plays an important role. By understanding the judgements that are made and the contexts in which they are made, insights into strategy development and implementation can be obtained.

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