The Role of Negotiated Belief Structures in Strategy Making

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This article introduces the concept of a negotiated belief structure to help analyze how political and information-processing forces work to create decision premises within a strategy-making group. Negotiated belief structures are defined as the beliefs or assumptions that underlie a strategic decision, the enacted beliefs or assumptions that reflect the politics of decision-making. Negotiated belief structures may be limited, contested, contextual, or dialectical in nature. These types of belief structures and their implications for strategic decision making are discussed and a prescription for managing the strategy-making process is suggested.

A myriad of descriptive and prescriptive decision process theories have been offered in an attempt to understand the mercurial phenomenon of strategy making. Theories ranging from the prescriptively rational (Andrews, 1971; Anshoff, 1965; Steiner, 1969) to the descriptively chaotic (Cohen, March, & Olsen, 1972) have all been proposed. Empirical work suggests that strategic decision making is seldom normatively rational (Mintzberg, Raisinghani, & Theoret, 1976).

Two decision-making perspectives are beginning to shed light on these manifestly complex and seemingly chaotic decision processes. One stream of research argues that the strategic decision-making process is often constrained by the information-processing limitations of key decision makers (Anderson & Paine, 1975; Lyles, 1981; MacCrimmon & Taylor, 1976; Mason & Mitroff, 1981; Starbuck & Hedberg, 1977). As such, we see a great concern with the assumptions, biases, and world views of strategy makers. In another stream, owing much to the early work of Cyert and March (1963), scholars have begun to conceive of the strategy formulation process as political in nature (Allison, 1971; MacMillan, 1978; Murray, 1978; Narayanan & Fahey, 1982; Pettigrew, 1977; Quinn, 1980).

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Strategic decisions are thought to depend in some measure upon the resolution of power struggles within the organization.

The aim of this article is to integrate the political and information-processing perspectives to better understand the fuzzy relationship between strategic decision process and content. The integration of these perspectives leads to the development of the notion of a negotiated belief structure, which is used to help clarify how political and information-processing forces work to create decision premises within the strategy-making group. Implications for explaining strategic behavior and understanding and effecting strategic change are noted.

**The Information-Processing Perspective**

Information-processing theories from social psychology (see, e.g., Nisbett & Ross, 1980) have been only recently introduced into the management literature (Kiesler & Sproull, 1982; O'Reilly, 1983; Ungson, Braunstein, & Hall, 1981). Nevertheless, a concern for the information-processing limitations of strategic decision makers may be traced back to Simon (1957). This concern is fueled by the fear that the implicit theories, assumptions, and beliefs that a strategy maker holds may act as a decision-making blinder.

The concern about the effects of these implicit theories and assumptions on information utilization is, in fact, warranted. Recent work in psychology demonstrates that belief structures1, or schemata, define an individual's domain of attention (Cohen & Ebbesen, 1979), restrict the encoding and retrieval of information (Cantor & Mischel, 1977; Ross & Sicoly, 1979), and skew the evaluation of the information gathered (Linville, 1982; Snyder, 1981). Additionally, a decision maker runs the risk of committing an "error of the third kind" (Raiffa, 1968), if his or her belief structure defines the "wrong" domain of attention.

Although information-processing theorists are quick to point out the pathologies often associated with the use of belief structures, it must be noted that without such structures, a decision maker is lost in a sea of data (Daft & Weick, 1984; Hogarth, 1980; Neisser, 1976; Taylor & Crocker, 1981; Weick, 1979). Without these structures, the decision maker would confront the information equivalent of white noise.

Thompson's (1967) analysis of decision issues may be read as an illustration of this need to impose order on decision data. Thompson crossed what he called "the basic variables of decision" (p. 134)—the preferences regarding possible decision outcomes (ends) and beliefs about cause/effect relations (means)—to yield four different types of decision resolution strategies: computation, judgment, compromise, and inspiration. Given that strategic issues are very often "inspirational" issues (i.e., disagreement on desired outcomes and uncertainty about cause-effect relations), the task often facing strategy makers is to impose a

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1The information-processing perspective is noted for its lack of an agreed-upon language to define its key construct. Implicit theories, assumptions, beliefs, schemata, and cognitive maps are all mutually substitutable labels for the same construct. We have chosen to use the term "belief structure" because it seems to us to be more descriptive. In Fiske and Taylor's (1984) words, it may be defined as "a cognitive structure that represents organized knowledge about a given concept or type of stimulus...it contains both the attributes of the concept and the relationships among the attributes" (p. 140).
sense of order on this uncertainty and move the strategic formulation process from one of inspiration to one of computation; that is, toward agreement on desired outcomes and certainty about cause-effect relations (Hrebiniak & Joyce, 1984). The challenge, then, is not to eliminate these belief structures but rather to learn to circumvent their hazards and employ them effectively.

The Political Perspective

Information-processing conceptions of strategy formulation, by focusing on the dynamics of individual-level processing, adhere to an individual model of strategy making. However, it is well established that strategic decisions are not made by individuals acting alone (Fahey, 1981; Quinn, 1980). Individual beliefs (concerning means and ends) are certainly the fundamental elements of any group or organizational belief structure, yet it is this configuration of individual beliefs that forms the premise for any strategic decision. To simply assert that some configuration of individual beliefs underscores a strategic decision belies the complexity of the political processes that produce such a configuration.

Senior-level managers within an organization have been found to hold very different beliefs about both desired ends and the means of achieving those ends (Lyles & Mitroff, 1980; Shrivastava & Mitroff, 1983). Such differences often serve as the basis for coalition formation and conflict (Dunbar, Dutton, & Torbert, 1982; Murnighan, 1978). What then emerges is a picture of the strategy-making group as not only politically heterogeneous, but as possibly ripe for conflict over the negotiation of their fundamental decision premises or beliefs. These political confrontations are not only unavoidable—their resolution may even be the glue that holds an organization together (Narayanan & Fahey, 1982). Constructive exploitation of political disputes, not their elimination, is necessary to foster organizational commitment and cooperation.

Negotiated Belief Structures

The interaction between beliefs and self-interest suggests that the belief structure operating within a strategy-making group embodies both beliefs and self-interests. The information framing of beliefs alone is not sufficient to explain how beliefs become accepted, the extent to which they are propagated, or how long they endure. Organizational politics also influence these processes. Stated differently, strategic decision content is grounded not only in the information base of the decision—it is also grounded in the politics among the decision participants. It is not just beliefs but whose beliefs which dominate that is important. Recognition of the interplay between beliefs and politics points to the concept of a negotiated belief structure.

A negotiated belief structure represents the configuration of power and beliefs establishing the decision premise within the strategy-making group. It is the enacted set of beliefs or assumptions that underscore a strategic decision—enacted by the rapprochement of power and belief within the group. The concept of the
negotiated belief structure answers Axelrod’s (1976, p. 239) call for the better understanding of the cognitive maps of collectivities.

There are at least four means by which this underlying tension between power and beliefs may be resolved (see Figure 1). Power among the members of the strategy-making group may vary from being concentrated in the hands of one individual (e.g., the chief executive officer, or CEO) to being dispersed in an egalitarian manner among all the members of the group. Beliefs about cause-effect relationships and desired goals may range from complete disagreement and uncertainty (inspirational) to complete agreement and certainty (computational) (Hrebinjak & Joyce, 1984; Thompson, 1967). Crossing these two dimensions yields the possibility of four very different negotiated belief structures. Note that in the interest of clarity, only the extreme cases in Thompson’s typology (computational and inspirational decision making) are examined.

As the product of the interaction of individual’s beliefs and their self-interests, quite distinct negotiated belief structures may emerge. Four fundamental negotiated belief structures are depicted in Figure 1. The differences among these four structures are illustrated along five properties of strategic decision making: mode of decision resolution, decision speed, decision flexibility, locus of decision-maker identification, and implementation. Each of these structures is also related to Miller and Freisen’s (1978, 1984) empirical work and to Miles and Snow’s (1978) conceptual work in an effort to relate these ideas to our current understandings.

Limited Belief Structures

Within a limited belief structure, the strategy-making group is dominated by a single individual’s clear sense of strategic purpose. Yet, the silent, powerless members of the group share these identical beliefs. It is the limited belief struc-

Figure 1

A Typology of Negotiated Belief Structures

<table>
<thead>
<tr>
<th>Power Concentrated</th>
<th>Dispersed</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Limited Belief Structure</strong></td>
<td><strong>Contextual Belief Structure</strong></td>
</tr>
<tr>
<td>Decision Resolution: Hegemonic</td>
<td>Decision Resolution: Consensus</td>
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<tr>
<td>Fiat</td>
<td>Time to Decision: Medium</td>
</tr>
<tr>
<td>Time to Decision: Fast</td>
<td>Decision Flexibility: Low</td>
</tr>
<tr>
<td>Decision Flexibility: Low</td>
<td>Identification: Organization</td>
</tr>
<tr>
<td>Identification: Self/Planning Group</td>
<td>Implementation Potential: Excellent</td>
</tr>
<tr>
<td>Implementation Potential: Good</td>
<td></td>
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<tr>
<td><strong>Computational</strong></td>
<td><strong>Inspirational</strong></td>
</tr>
<tr>
<td><strong>Limited Belief Structure</strong></td>
<td><strong>Contested Belief Structure</strong></td>
</tr>
<tr>
<td>Decision Resolution: Coercion</td>
<td>Decision Resolution: Synthesis</td>
</tr>
<tr>
<td>Time to Decision: Medium</td>
<td>Time to Decision: Slow</td>
</tr>
<tr>
<td>Decision Flexibility: Low</td>
<td>Decision Flexibility: High</td>
</tr>
<tr>
<td>Identification: Self</td>
<td>Identification: Coalition</td>
</tr>
<tr>
<td>Implementation Potential: Poor</td>
<td>Implementation Potential: Good</td>
</tr>
<tr>
<td><strong>Beliefs</strong></td>
<td><strong>Inspirational</strong></td>
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Limited Belief Structures

Within a limited belief structure, the strategy-making group is dominated by a single individual’s clear sense of strategic purpose. Yet, the silent, powerless members of the group share these identical beliefs. It is the limited belief structure that is sometimes championed in the “great man” school of strategy making (e.g., Sloan, 1963); it is also the structure with which the information-processing theorists are most concerned.

The quality of the strategic decisions made by this group is particularly dependent on the range of information contained in the dominant individual’s belief structure and its veridicality with its environment. No one else in the group is capable of challenging this structure with novel insight. Normative rationality is compromised by the information-processing limitations of the key decision maker (Simon, 1957).

Decisions are made, therefore, by hegemonic fiat. Such decisions can be made very quickly. This structure may prove to be quite stable and successful until threatened. When faced with environmental exigencies exceeding the bounds of the belief structure in use, decision options are limited. The stronger the adherence to the computational belief base, the lower the potential for decision flexibility. Whether or not the strategy maker should be flexible is another matter. Examples abound of both success (e.g., Tobias, 1983) and failure (e.g., Starbuck & Hedberg, 1977) for those who maintain their beliefs in the face of uncertainty and challenge. The point here is that a strategy-making group marked by a limited belief structure has little choice but to remain inflexible. The exception would occur if the “great man” were prone to risk taking. In such a circumstance the organization, in Miller and Friesen’s (1978) words, would be “running blind,” guided by “untutored intuition and feel” (p. 930).

Given the concentration of power within the strategy-making group and the unanimity with which beliefs are held, the planning group’s members are likely to identify most closely with the group itself. Those without real power, who have nevertheless managed to become part of this inner circle, no doubt wish to maintain their privileged status. History tells us that the dominant decision maker’s sense of identification is with some conception of his or her own greatness and with the computational vision itself.

The ability of this group to gain the support of others in the organization to implement the chosen strategic direction is good. The powerless members of the inner circle may be somewhat uncoupled from the operation of their organization, and as such would have to marshal implementation support for their preferences as relative outsiders. Nevertheless, the power of the dominant decision maker to command implementation support should not be underestimated (e.g., Tobias, 1983).

A limited belief structure may be associated with the “impulsive firm” in Miller and Friesen’s (1978, 1984) taxonomy. Such firms are “dominated by a few top men who are too busy to do anything about mounting problems and who are reluctant to share the job with others” (1984, p. 91). It is trickier to relate the
Miles and Snow (1978) typology to the negotiated belief structure typology. However, a limited belief structure may contribute to a strategy-structure relationship that is irrelevant to environmental conditions (reactors).

Contested Belief Structures

When a strategy-making group is marked by the strong centralization of power in the hands of an individual and disagreement exists over the proper choice of goals and the means to attain those goals, a contested belief structure is evident. In such a situation, it is quite possible that the beliefs of those strategy makers with little power may never inform a strategic decision. Such a belief structure is likely to be associated with decision coercion (Pennings & Goodman, 1977).

Planning group members in such an environment feel a primary sense of responsibility to themselves and their own ideas. Decisions may still be imposed and therefore made quickly, but the latent or manifest group dissension is likely to slow down the process somewhat. The varied beliefs held by the political subordinates embody the potential for decision flexibility, which is, however, unlikely, given the atmosphere of self-interest and distrust fostered by the centralization of power. Accordingly, this strategy-making group is in a poor position to demonstrate the commitment, unity of vision, and enthusiasm so necessary to direct implementation efforts.

There is a remarkable correspondence between Miller and Friesen’s (1978, 1984) “stagnant bureaucracy” and the contested belief structure. A contested belief structure may be evident in a setting where “one or two men continue to make all the major decisions” and where “lower levels of management become increasingly aware of the need for change since they are closer to the markets of the firm” (1978, p. 930). Miller and Friesen go on to note the same frustrations that we predict are due to the lower managers’ limited power and inability to add to the information base of a strategic decision. Again, a continued review and reformulation of strategy-structure alignments is unlikely to occur in such an organization. As such, a contested belief structure may also characterize a reactor firm (Miles & Snow, 1978).

Contextual Belief Structures

When decision choice reflects, in March’s (1978) words, “the claims on the attentions of actors and other structures of social and cognitive relations” (p. 592) and not a critical examination of the information base of a decision issue (e.g., when common beliefs prevail), a contextual belief structure is said to exist. Given the egalitarian power structure, a free discussion of strategic issue analysis and strategic alternative generation and evaluation may be evident. This free discussion is constrained only by the unquestioned acceptance of the computational beliefs serving as the foundation for these decision-making steps. Accordingly, decisions are apt to reflect the attributes of the decision process itself as much as the underlying computational beliefs.

Decision resolution in such a group is likely to be marked by consensus building. Decision speed is a function of the intensity of political rivalry. The greater
the commitment of individuals or coalitions to furthering and protecting their self-interests, the more protracted will be the decision making.

As is the case with the limited belief structure, environmental challenges that exceed the bounds of the shared world view are problematic. The inability to draw upon diverse beliefs when current perspectives prove insufficient, coupled with possible political rivalry, contributes to relative decision inflexibility.

The members of such a strategy-making team are likely to represent a variety of coalitions (e.g., functional areas) within an organization. Nevertheless, their shared fundamental strategic beliefs make it likely that such members’ primary sense of identification and responsibility is with the organization itself.

The potential of this group to implement a strategic choice is excellent. The unanimity of perspective, combined with the influence each member commands, is likely to elicit active cooperation from relevant others.

A contextual belief structure may be associated with Miller and Friesen’s (1978, 1984) “giant under fire.” Such firms are noted by decentralization and a history of successful strategies. Miller and Friesen note that decision making in such firms is participatory but guided by the “traditional” way of doing things. Miles and Snow’s (1978) defender firms may also show evidence of a contextual belief structure. The dominant coalition in such firms is typically comprised of representatives from key functional areas; their tenure in the coalition is long; and planning is oriented toward problem solving rather than problem finding. That is, power is dispersed among the peers in the coalition, but the beliefs center on a shared internal notion of organizational success that allows them to solve existing problems effectively but blinds them to finding new ones.

Dialectical Belief Structures

Dialectical belief structures characterize decision contexts where compromises are being sought in two arenas: disagreements surrounding beliefs must be reconciled and political differences must be resolved. Decisions therefore reflect the dialectical attributes of the decision process. Because the strategy-making group is composed of members holding a variety of beliefs and the egalitarian power distribution within this group allows for a free exchange of these ideas, the conditions are ripe for the ultimate emergence of a negotiated belief structure that may reflect the beliefs and political interests of all coalitions represented. Such a synthesis would represent a naturally occurring incidence of dialectical inquiry.

Such groups, however, are not known for swift decision making. It takes time for powerful individuals representing coalitions with differing beliefs and political interests to achieve synthesis. Nevertheless, given such diversity, decision flexibility is high. Similarly, once a decision has been reached, the implementation potential embodied in such a diverse group is good. Concessions (particularly with regard to political interests) in forging compromise and synthesis may, however, temper the spirit of cooperation needed to successfully implement a strategic direction.

Miller and Friesen’s (1978, 1984) “adaptive firm in a very challenging environment” is probably marked by a dialectical belief structure. In their view, “the process of strategy making … is a highly participative one, with different func-
tional areas and levels of the hierarchy collaborating intensively to solve the myriad problems that arise” (1984, p. 107). Power in such firms is highly decentralized. A dialectical belief structure may also mark Miles and Snow’s (1978) prospector firms. Prospectors’ dominant coalitions are noted for their size, diversity, and transitory nature. They are thought to strive to maintain a “cosmopolitan” orientation and “a comprehensive planning approach that takes a broad spectrum of factors into consideration” (p. 61). Prospectors are known for their decentralized decision making and control—necessary conditions for the emergence of a dialectical belief structure.

Implications

We argue that the notion of a negotiated belief structure provides a missing link, or at least partially fills a void in much of the conceptual and empirical work designed to bridge the process-content divide in the strategic management literature. Studies that have addressed linkages between strategic decision processes and decision outcomes or strategies (e.g., Bourgeois, 1980; Mintzberg, et al., 1976) have typically paid little attention to the role of belief structures, and, more specifically, to the possibility that these decision premises are likely to have been negotiated in the process of strategy making.

There is a dual mechanism by which strategic decision processes affect strategy content: Decision makers’ beliefs embodying the informational base of decision making and the distribution of power among decision makers interact to form content. The dynamics of strategic decision making reflect this interplay of beliefs and power. Thus, theory and research focusing on one and neglecting the other fail to capture fully the strategy process-content linkage. This linkage is addressed here at four levels.

Explaining Strategic Behavior

The concept of a negotiated belief structure provides the beginnings of a rich conceptual framework to explain the strategic behavior of organizations (or absence of strategic behavior). Its richness lies in its capacity to suggest alternative theoretical explanations of the same strategic behavior. Consider, for example, strategic maladaptation. Empirical research and the popular business press are replete with examples of firms that have clung tenaciously to their strategy long after environmental change had doomed them to failure. The obvious theoretical and empirical question is: Why do firms persist in this behavior?

The answer depends on the negotiated belief structure operative within the firm. In a limited belief structure, concentrated power and homogeneous beliefs may lead to deeply entrenched and strongly enforced cognitive “blinders.” The absence of countervailing beliefs and power could easily result in an internally rather than externally focused strategy-making group. The tendency toward decision inflexibility might also increase the commitment of the strategy-making group to make the environment fit the strategy, rather than adapt the strategy to the environment.

In a contested belief structure, the absence of strategic adaptation is probably
due to the political control of the dominant (powerful) individual(s). Diversity in beliefs held by the group’s members may reveal concern with, and possible options to, the firm’s current strategy, but these are either rejected, suppressed, or postponed for future consideration by the powerful individual(s) within the group. Indeed, the power structure may be such that the powerless may not even vent their concern with the current strategy, much less suggest strategic change.

In a contextual belief structure, maladaptive strategic behavior may be the product of an overly narrow and outmoded belief structure and/or political rivalry. Commitment to beliefs that are no longer consistent with reality may be sufficient to inhibit strategic change. If beliefs do match reality, strategic change may still be inhibited or slowed considerably due to political rivalry: Individual members of the strategy-making group may have too much to lose by acceding too quickly to the demands and wishes of others. Accordingly, the necessary political compromises may take too long to fashion. Furthermore, the compromise procedure itself often preempts any truly significant strategic change.

The compromises inherent in a dialectical belief structure suggest that strategic maladaptation may be a function of both beliefs and politics. The longer the battles are sustained between coalitions adhering to their beliefs and political interests, the more likely it is for strategic maladaptation to arise and persist. Although the decision-making process is likely to be slow, the potential for decision flexibility is high, and accordingly, the implementation potential of correcting strategic maladaptation is high.

Understanding Strategic Change

Negotiated belief structures also contribute to an understanding of the evolution of strategic change and how it is related to intraorganizational decision processes. This linkage is currently marked by a paucity of theoretical and empirical attention within the strategic management literature.

Conventional depictions of strategic change suggest that it is a product of analytical processes characteristic of rational, synthetic, and intended-choice behavior. Others have described it as much more incremental in nature but nonetheless logical (Quinn, 1980). These descriptions undergird the notion of “intended” strategy (Mintzberg, 1978). By contrast, a consideration of negotiated belief structures suggests the notion of negotiated strategy, or strategy as the outcome of some mingling of belief accommodation(s) and political compromise(s). Negotiated strategy is thus akin to the concept of intended strategy, except that it does not imply complete organizational commitment to, and agreement with, the strategy. It recognizes the political reality of winners and losers and therefore the potential for lingering pockets of discontent with the strategy choice.

The probability that an intended strategy will be realized, that is, that a “deliberate” strategy (Mintzberg, 1978) will emerge, depends on which of the four belief structures underscores the formulation of the intended strategy. Assuming the nonintervention of environmental factors, only a limited belief structure carries a high probability of generating a deliberate strategy. Recognition that a negotiated belief structure is partially a product of the organization’s political structure suggests that the strategy actually pursued by the organization is likely to
exhibit dimensions unintended by its proponents. That is, emergent strategies are likely to be evident when driven by each of the other belief structures.

An emergent strategy will most likely follow from a contested belief structure. Given the presence of silenced alternative strategic beliefs in the strategy-making group, the emergent strategy would probably reflect elements quietly intended by this subset of disenfranchised organizational members. Pockets of discontent within the dialectical belief structure, and, to a lesser extent, within the contextual belief structure, may also fuel a covert manipulation of strategic direction. Under such circumstances, an emergent strategy may not be a complete surprise to the entire organization: It is the intended strategy of a subset of organizational members. In this sense, the sequence and timing of dramatic (revolutionary) and minor (evolutionary) changes in a firm’s strategy content reflect the dynamics of the negotiation struggles around beliefs and power within the organization.

**Effecting Strategic Change: Use of Process Interventions**

Given the ubiquity of strategic maladaptation and the linkage between negotiated belief structures and strategic change, careful attention must be paid to choosing the appropriate interventions to facilitate and propel strategic entrepreneurship. In short, when belief structures do not prove robust to environmental challenges, interventions are necessary if organizational decline is to be avoided.

Environmental challenges that exceed the bounds of a limited or contextual belief structure create the need for new ideas and perspectives. New interpretations of environmental context are required. Due to the homogeneous nature of beliefs, third-party interventions may prove necessary. Such intervention possibilities range from the infusion of new outsider beliefs (Robinson, 1982) to the most drastic political intervention—replacement of the power holder(s) in the strategy-making group or the entire strategy-making group in the case of an intransigent contextual belief structure (Hofer, 1980; Starbuck, 1983).

A contingency approach is suggested in the use of individual intervention techniques. For example, the popular assumption surfacing (Mason & Mitroff, 1981) and dialectical inquiry (Mason, 1969; Mitroff & Emshoff, 1979) intervention strategies would be used differently across the belief structures. In a limited belief structure, the emphasis would be on exposing the assumptions underlying the strategy-making group’s current beliefs and alternative assumptions. The intent would be to reveal the potentially limiting nature of the group’s extant belief structure, build receptivity to another world view, and, as a consequence, establish the informational base for strategic change.

In a contested belief structure, the intent would be to reconcile existing alternative assumptions, although surfacing these assumptions might still be problematic due to political inequality. Thus, it should be noted that assumption surfacing and challenging become essentially political techniques; they serve political purposes. Although focused on belief explication and development, they help circumvent concentrated political power, allowing for the emergence of repressed and implicit beliefs within the strategy-making group.

In a contextual belief structure, assumption surfacing and challenging would serve both to broaden the informational base and to reconcile disparate political
interests. The process would need to be attuned as much if not more to the political interests involved as to the surfacing of alternative assumptions. Of course, the infusion of new ideas and perspectives may also be required.

As a naturally occurring example of dialectical inquiry, the dialectical belief structure would be most receptive to the following kinds of assumption surfacing intervention techniques: Opposing assumption sets would be readily identifiable; group members would be comfortable challenging each other; and decision flexibility would reinforce openness in decision making. A major function of these techniques might be to speed the decision process and build commitment to change.

A Prescription: Managing the Strategy Making Process

Each of the four negotiated belief structures is capable of sustaining a strategy-making effort. Even though limited and contested belief structures may be characteristic of two of Miller and Friesen’s (1978, 1984) unsuccessful strategy-making archetypes, it is possible for each of these belief structures to guide a successful strategy-making effort if they are consistent with the strategy-making environment. Turnaround management practices, for example, often draw upon limited belief structures in an attempt to boldly redirect a firm’s strategy.

Nevertheless, our prescription for maintaining a vital, reflective, and adaptive strategic decision-making system is to circle between the dialectical and contextual belief structures in an attempt to reap the benefits of each, while, of course, working to avoid their liabilities. The premise underlying this prescription is that both variance in beliefs and dispersion of power are prerequisites to ensuring strategic change over the life of an organization, even though at any one point in time any one of the belief structures may be situationally relevant. Stated differently, the inflexibility of the limited belief structure does not allow for confidence in the ability of such a structure to sustain a healthy strategic direction in the long run. The repression of ideas and the pockets of discontent in the contested belief structure predict both suboptimal strategy formulation and implementation.

This prescription is quite obviously incrementalist in nature (Gladstein & Quinn, 1985). The negotiated belief structure typology contributes to our understanding of how logical incrementalism may be effective. A dialectical belief structure is to be encouraged early in the strategy formulation process and then coaxed into slowly giving way to implementation needs, and, accordingly, a contextual belief structure. This prescription is notably consistent with Duncan’s (1976) argument for the creation of “ambidextrous organizations” to ensure innovation, and Burgelman’s (1983) call for both diversity and order in the strategy-making process. Theory Z organizations (Ouchi, 1981), combining egalitarianism and participatory decision making in a context marked by strong shared organizational goals, may evidence alternating dialectical and contextual belief structures.
Conclusions

Since Child’s (1972) research, the latitude of a strategic choice has been assumed to be quite wide. Child, however, does note that “prior ideology,” by coloring an analysis of both the organization’s position and the choice of goals and objectives for the organization, may constrain this latitude “in some degree” (p. 17). We argue that an understanding of both ideologies (beliefs) and political realities within the strategy-making group is required to explain the process of strategy making and the content of strategic choice. The concept of a negotiated belief structure has been introduced to capture this understanding.

The interaction of power and beliefs may lead to quite different negotiated belief structures. These uniquely influence the process and content of strategy making. Thus, the concept of a negotiated belief structure is pivotal to furthering our understanding of the linkages between strategic decision process and content.

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