INDEX

Academic disciplines, 15, 26, 71 Academic legitimacy, 15 Academy of Management Journal, 269, 271 Action, hierarchical sensing, 127-128 Adaptation, 257 Adaptive cognitive processes, 170 Adaptive rationality, 82 Administrative Behavior, 1 Advances in Strategic Management, 267, 269 Agency theory, 268 Agent-based simulation, 226 Agentic capacities of strategists adaptive cognitive processes, 170 managerial and organizational cognition, 169 strategic cognition research, 169 temporal action capacities, 170 Agricultural firms, 55 Alliance partner choice, 92 Alliances and acquisitions, 224 Altruism, 27 Ambidexterity, 223 Analogical reasoning, 74, 175 Analytical organizational process, 149 Annual fee, 213 Anticipatory thinking, 175 Anti-competitive behaviors and competitors, 251 Anti-intellectual culture, 159 Apple's CEO-centric organizational structure, 125 Aristotelian sense, 184 Artificial intelligence, 140-141, 199 and human decision-making, 141 Attentional engagement, 173

Authority, representations, 85 "Barriers to entry", 249 **Behavior** behavioral data, 233-234 individual participants' search patterns over time, 233 - 234participants choices, 233-234 experimental procedure, 232-233 exploration and exploitation, 223 - 230risk-taking, 230-232 self-reported data Linguistic Word Inquiry Count (LIWC), 235-237 qualitative analysis software NVivo. 234 quotes related to exploitation and exploration, 235-236 selective codes, coding map, 235 verbal reports, 237-238 Behavioral and economic rationality, 161 Behavioral approach and organizations, 182 Behavioral decision research, 159 Behavioral decision theory, 42 unified prescriptive theory, 199 Behavioral economics, 27, 47, 103 Behavioral game theory, 61 Behavioral hopes, strategic management, 59-63 Behaviorally incomplete, business strategies, 158 Behavioral pathologies, 156

Behavioral perspective on strategic management behavioral hopes, 59-63 empirical realities, 53 interdisciplinary, 52-53, 62-63 perspectives on, 54-57 plural in methodology, 53, 61-62 (re)behavioralize aspects, 51-52trends in literature, 57-59 two-way street learning, 53-54, 60 - 61Behavioral rationality action and decision implementation, 154-155 behavioral pathologies, 156 business strategy, 156 decision-making, 156 decoupling of decisions and actions, 155 economic rationality, 154-155, 157 impulsive force of decision, 156-157 impulsive power, 156-157 knowing-doing gap, 155 postscript, 163 realized strategies, 155 substitutes for strategy, 155 Behavioral social sciences, 16, 52–53, 55, 217 Behavioral strategy, 51–52, 54, 57 - 59agentic perspective, 168-177 decision-making, 19 decoupling in, 43 discipline, 15 dividing lines, 25 economic rationality in, 152-154 emerging meaning of, 25 future of, 18-19 interdisciplinary approach, 47-48 large tent version, 25, 31-33 microfoundations, 103-104 midsize tent version, 24-31 non-academic stakeholders, 48 organizational adaptation, 75

organizational foundations of, 79 - 87as quasidisciplines, 15-16 rapid learning, 75 reconceiving, 45-48 small tent version of, 24-26 social category, 42 strategy prescription and, 197-206 threats, 24 trends in literature for, 57-59 Behavioral Strategy Interest Group, 24-25, 43-44 Behavioral strategy scholars, 42 Behavioral theory of organizations, 16 Behavioral Theory of the Firm, A, 1, 92 Behavioral thinking, 160 Behavioral variation in choice process, 81-82 in goals, 80-81 multiple rationalities, 82 in representations, 81 Behaviorism, 72 Behaviors of duopolies, 250 Bell Labs, 55 Biased attributions and perceptions, 256 - 257"Big Five," model of personality, 27 Bounded rationality, 140-141, 182 assumption, 92 in human intelligence, 141 Boussoiset Souchon-Neuvesel (BSN), 252 - 254Broad search, 94 Business planning, 55 Business policy, 1 **Business strategies** behavioral rationality, 156 romantics and mercenaries, 157 - 158

Capital One in credit card financing, 213–215 Carnegie School tradition, 72 Carnegie tradition, 42, 44–45, 47

"Case for Behavioral Strategy, The", Cause effect linkages, 29-30 Chess, 72 Choice, 168-169, 177 Choice process, behavioral variation in. 81–82 Chordal triad, 170 Coalition. 96 Cognition, 153–156 giving direction, 96 Cognitive ability, 28 Cognitive adaptation, 30 Cognitive biases, 160 economic rationality, 152-154 Cognitive capabilities, 168 Cognitive neuroscience, 44 Cognitive rationality, 160 Cognitive representations, 81 Cognitive schema, 27, 29-30, 44 Collective intelligence, 75 Communitarian perspective of firm, 182 - 183four illustrations. 184–187 praxis, character, and competence, 187 - 190Competency traps, 4, 184, 190 Competition neglect, 153 Competitive endeavors, 201 Competitive Strategy, 2 Competitors/opponents, 105 Complete rationality, 159–160 Complex signal detection system, 124-125, 128 Computation abilities, 143 complexity, 142 computational complexity, 142 consumer utility, 143 firm profit maximization, 143 human and managerial cognition as, 145 human computation for TSP, 145-146 intractability, 143-145 managers and organizations, 142

quantum computers, 141 **Traveling Salesperson Problem** (TSP), 142-143 well-structured problems, 142 Computational complexity, 140, 142 and artificial intelligence, 140 intractability, 143-145 organizational intractability, 147 - 148Computational modeling, 53 Computerized "black box" trading system, 111 Conservatism vs. liberalism, 32 "Context of discovery", 161 "Context of justification", 161 Contextualism, 45, 155 Conventional dichotomies, 162 Convergence, 175 Corporate arrogance, 190 Cost-conscious retailers, 184 Course materials, 14 Credit assignment, 72 Cultural values, beliefs, and objectives, 46 Culture and strategy, 32 "Curse of dimensionality", 73

Damage-assessment routine, 182–184 Decision biases, 215-217 Decision-maker (DM), 124-128 cognitive schema, 29 and decision-influencers, 28 economic rationality, 153 simulations configuration, 128 Decision-making, 59 behavioral rationality, 156 change in dynamic environments, 134 - 135cognitive antecedents, 27 focal, 29-30 hierarchical sensing, 124-129 processes, 61 Decision rationality, 159, 163 Decomposability and hierarchical categorization, 202

Decoupling in behavioral strategy, 43 of decisions and actions, 155 Degree of dependence, 109 Degree of heterogeneity, 31 Delays in sensing, 128, 130-133 an environmental shock, 136 in organizational structures, 132-133 Deliberation, 105-107, 111-112 psychology, 103 "Deliberation vertex" phenomena, 107 Deliberative behavior, 103 Delusional optimism, 153 Design capacity of organizations, 75 Design thinking, 176 Detection rates, simulations configuration, 128 "Deviations from rationality", 24 "Dewey Triangle", 103, 106 Directed search broad search, 94 cognition giving direction, 96 environment giving direction, 97 low performance, 93 multiple goals giving direction, 94 - 95myopic search, 94 power giving direction, 95-96 Disciplines, 15-16, 18 Distorted probabilities, 255-256 Diversity, 46 Divestiture, 92 Dominant coalition, 96 Don Quixote, 20 Draper Fisher Jurvetson (DFJ), 215-216 Dualism, 182, 184 DuPont, 55 Dynamic capabilities, 184 framework, 113 Dynamic programming problem, 73

Economically incomplete, business strategies, 158 Economic and behavioral rationality, 158 Economic rationality, 154-155, 157 behavioral rationality, 154 in behavioral strategy, 153-154 cognitive biases, 153-154 company's "economic strategy", 153 decision-makers, 153 individual preferences, 153 normative economic rationality, 153 spectrum of, 154 in strategic management, 153 Economics of imperfect competition, The, 250 Economic theory, 48 Embryonic academic fields, 24 Emergent strategies, 251-252 Emotional behavior, 103 Empirical realities, 53 Enhance sensing, 133-135 Entrepreneurship, 62-63, 210-211 Environment giving direction, 97 Epistemological assumptions, 182 Evolutionary fitness, 191 Evolutionary theory, 16 Executive psychology, 28, 30, 33 Exogenous uncertainty, 105 Experiments, 227, 231, 233 See also Exploration and exploitation Exploration and exploitation, 19-20 agent-based simulation, 226 alliances and acquisitions, 224 ambidexterity, 223 behavioral measure of, 227-228 behavioral strategy and, 19 binary activities, 227 code behaviors or actions, 226 consistency or flexibility, 223 knowledge gains, 223 limited resources, 228-229 managerial serendipity, 230

micro-foundations, 224 minimal information, 229 operationalized, 224-226 organizational factors, 224 rugged landscape, 229 two ends of continuum, 230 valid feedback. 229 External sensors, 110 Failed ventures, 256 Fairbank, 213-215 False-negative error, 212 Finance, 16 Firms' commitments, 256 Five Force framework, 2, 210-211 Fluid intelligence, 173 "Fog of war", 15 Ford, 55 Ford Foundation, 53 Forecasting judgement, 62 Formal organizations, 85 Framing, 83-86 and reframing processes, 175 Fundamental divide, strategy research, 2-4 Game theory, 16, 268 unified prescriptive theory, 199 GE, 55 General intelligence, 28 General-purpose effector system, 111 General-purpose sensors, 109, 111 Generative cognition, 175-176 Gervais-Danone, 253-254 Goals behavioral variation in basic human needs, 80 means-ends linkages, 80 self-interest, 81 self-preservation, 80 subgoals, 80-81 vertical dimension, 80 broad, 93-94 as cognitive constructs, 84 frames, 84

giving direction, 94–95 return on assets (ROA), 92–93 top management levels, 93 Group decision-making, social psychology, 43

Habitual behavior, 103 Habitual-iterational, 172-173 "Habit vertex" phenomena, 107 Halo effects, 153 Harvard Business Review, 206 Harvard Department of Social Relations, 17 Heterogeneous organizational outcomes, 26 Heterogeneous TMTs, 31 Heuristics, 140, 146-147, 182 and biases, 146 definition. 146 in organizations, 146 Hierarchical categorization, 202 Hierarchical sensing model of, 124-128 simulations configuration, 128 - 129See also Sensing Homophily, 211 Hubris, 153 Human agency, temporal orientations of. 170-171 Human cognition, 259 Human intelligence, 140 Human sensory capacities, 108

IBM paradox, 113–115
Identity-driven conception of appropriateness, 185
Ill-defined situations, 185
Imagination, 168–169, 174–176
Imaginative agency, 174
Imitation, environment giving direction, 97
Implementation problem, 72
"Impulsive force" of decision, 156–157 "Impulsive power", 156–157 Incentive systems, 86 Individualism, 184 Individual-level differences, 28 Individual reproductive success, 84 - 85Industrial economics, 251 Industrial organizational economics, 15 Influencing, mechanisms for, 83 Information flow, 134-135, 136 Information processing, 182 Ingroup/outgroup dynamics, 42 Innovations, 92 Institutionalization, 56 Institutional logics, 46 Integration, strategic management, 46 Intellectual ancestors, 201 Intellectual history, 14, 18 Intelligence Advanced Research Projects Agency, 62 Intelligent economic behavior, 14 Intentional action, 15 Interdisciplinary, 52-53, 62-63 Interdisciplinary linkages, 62-63 Intergroup bias, 44 Intergroup dynamics, 44–45 Internal goods, 185 Internal sensors, 110 Interpretation, sensing, 127 Intertemporal linkages, 72 Intractability, computational complexity, 143-145 Intraorganizational power and politics theory, 33 Intrapersonal phenomena, 43 Intrinsic motivation, 85 Irresponsible leadership, 188 Knightian uncertainty, 62

"Knowing-doing gap", 155 Knowledge schemas, 171

Large tent conception conservatism vs. liberalism, 32

culture and, 32 multicase study design, 33 organizational culture, 32 political processes implications, 33 "social approval assets", 32-33 strategic decision-making, 32 strategic management scholars, 32 See also Midsize tent conception; Small tent conception Learning, 27 Legitimate behavioral strategy, 18 Limited resources, exploration and exploitation, 228 Linguistic Word Inquiry Count (LIWC), 235-237 "Logic of appropriateness", 82 Long Range Planning, 56 Long-term abstract properties, 249 Low performance, 93-95

Machiavellianism, 27-28 Macroorganization, 85 "Magnet strategy", 215-216 Management replacement, 96 Managerial and organizational cognition, 169 Managerial cognition, 168 research, 96 stemming, 96 Managerial dynamic capabilities, 173 Managerial intelligence, 140 Managerial sensemaking, 172 Managerial serendipity, 230 Managers, 14 cognitive filters of, 172 Market expansion, 92 Marshall Plan, 55, 58 Means-ends linkages, 80 Mercenary strategies, 160 Mergers and acquisitions, 92 "Meta" strategy problem, 73-74 Methodological individualism, 182 Microeconomics, 48 Microfoundations, 103-104 exploration and exploitation, 224

Microorganizations, 85 Mid-range theories consumer behavior, 202 decomposability and hierarchical categorization, 202 individual psychology, 202 near decomposability, 201 population ecology research, 202-203 top management behavior, 202 Midsize tent conception academic discipline, 26 decision-makers and decisioninfluencers. 28 decision-making, cognitive antecedents, 27 differences in, 27-28 executives' behaviors, 28 focal decision-making, 29-30 heterogeneous organizational outcomes, 26 limitations, 27 personal attributes, 28 strategic management theory, 26 substantial meta-analytic evidence, 28 top management teams (TMTs), 30 - 31upper echelons theory, 28 See also Large tent conception; Small tent conception Military decision-making, 61 Military organizations, 61 Military strategy and writings, 54 Mindful adaptation, 184 Moneyball in Major League Baseball, 211-213 "Monopoly", 249 Multicase study design, 33 Multidisciplinary heritage, 62 Multiple goals giving direction, 94 - 95Multiple rationalities, behavioral variation, 82 Myopia learning, 4, 75

managerial experience, 96 source of, 96 Myopic search, 94

Near decomposability, 201 Neo-Aristotelian thinking, 183, 187 Neo-Carnegie tradition, 3–4, 42, 44-45,72 Neoclassical economic rationality, 82 Non-academic stakeholders, 47 Normative economic rationality, 153 OODA loop, 60–61 Optimal behavior, 15 Optimistic expectations, 257 Optimizing hyper-rationality, 3 Organizational adaptation, 75, 92 Organizational behavior, 46 Organizational control and ideologies, 257 Organizational culture, 32 Organizational dynamic capabilities, 173 Organizational foundations behavioral phenomena, diversity of, 80-82 behavior of interest, 86-87 organization design and individual behavior, 83-86 "Organizational Foundations of Behavioral Strategy, The", 7 Organizational intractability, 140 computational complexity and, 147 - 148definition, 147 rational analytical technologies, 147 strategic planning, 147-148 Organizational learning, 216 and adaptation, 75, 92 Organizational liberalism, 32 Organizational members, sensing, 124 Organizational politics, 43 Organizational sensing, 7, 112

IBM paradox, 113–115 microfoundations, 103-104 organizations and strategy, 107 - 109sensors, 107-113 strategizing behavior as black box, 104-107 Organizational strategies, 59 Organizational structures, 85, 135 simulations configuration, 128 Organization design and individual behavior framing, 84-85 mechanisms for influencing, 83 sorting, 83-84 structuring, 85-86 Organization intelligence, 140 Organizations (1958), 1 Organizations and markets, structure and processes inherent in, 203 - 204Organization's strategizing behavior, 108 Organization studies and behavioral strategy, 18 consultancy, 17 quasidiscipline of, 17 unity and exchange, 17 Outgroup homogeneity effect, 44 Overconfidence, 211

Partial insights, 74 Pattern matching, 175 Perception, sensing, 126–127 Performance feedback, 95 Persistence, 24 Personal attributes, 28 Persuasion, 24 Plural in methodology, 53, 61–62 Pluralism, 43, 45, 155 Pluralistic ignorance, 45 Political acumen, 24 Political processes implications, 33 Population ecology, 201 Population ecology research, 202–203 Power giving direction, 95–96 Practical-evaluative agency, 174 Practical-evaluative element, conceptualization, 173 Praxis, 187 Prediction, 102 Probability, sensing, 129-130 Problem-driven research, 53 Problemistic search, 92, 96, 111–112 myopic search, 93 organizational learning and adaptation, 92 profitability, 93 return on assets (ROA), 92-93 Problem-solving, 182 Product introduction, 92 Professionalization, 56 Profitability, 93-95 Protocol analysis, 222-223, 233 Psychology of deliberation, 103 Psychopathy, 27-28

Qualitative analysis software NVivo, 234 Quarterly Journal of Economics, 140

RAND Corporation, 55 Randomness, 248, 254-256 Rapid learning, 75 Rational analytical decision processes, 140Rationality, 18-20 "Realized strategies", 155 (Re)behavioralize aspects, strategic management, 51-52Recategorization, 175 Reductionism, 45, 155 Re-enacting the past anticipatory thinking, 175 attentional engagement, 173 design thinking, 176 fluid intelligence, 173 framing and reframing processes, 175 habitual-iterational, 172-173

imaginative agency, 174 iterational dimension, 171 knowledge schemas, 171 managerial dynamic capabilities, 173 managerial sensemaking, 172 managers, cognitive filters of, 172 organizational dynamic capabilities, 173 practical-evaluative agency, 174 practical-evaluative element, conceptualization, 173 schemas, 171 schematic-information processing, 176 upper echelons, 171 Representations, behavioral variation in, 81 Resource-based view (RBV), 3, 198 Return on assets (ROA), 92–93 Reward structure, mental model, 72 - 73Risk-taking, 92 ambiguity, behavioral measure of, 231 - 232conceptual models of, 230-231 decision-making task, 231 incentives, 231 theory, 230-231 The Rival, 102 Romantics and mercenaries anti-intellectual culture, 159 behavioral decision research, 159 behaviorally incomplete, business strategies, 158 business strategies, 157-158 cognitive biases, 160 complete rationality, 159 decision rationality, 159 economically incomplete, business strategies, 158 economic and behavioral rationality, 158 "substitutes for enthusiasm", 158

Rugged landscape, exploration and exploitation, 230 Schemas, 29, 171 Schematic-information processing, 176 Schweitzer, Albert, 151–152 Scientific observers, 19 Selective attention, 27, 29 Selective codes, coding map, 235 Self-interest, 81 Self-limiting, 188 Self-preservation, 80 Sensemaking, 111 Sensing action. 127-128 Apple's CEO-centric organizational structure, 125 complex signal detection system, 124 - 125decision-maker (DM), 124-128 delay in, 130-133 enhance, 133-134 interpretation, 127 "just noticeable difference", 135 organizational members, 124 perception, 126-127 probability, 129-130 symmetric hierarchy, 124 See also Hierarchical sensing Sensors computerized "black box" trading system, 111 cost-benefit balance, 108, 110 degree of dependence, 109 in dynamic capabilities framework, 113 electromagnetic spectrum, 107 - 108external sensors, 110 general-purpose effector system, 111 general-purpose sensors, 109, 111

Romantic strategies, 160-161

human sensory capacities, 108 internal sensors, 110 investments in, 110-111 organizational sensing, 112 organization's strategizing behavior, 108 photographic techniques, 108 "problemistic search", 111-112 quasidurable structures, 109 sensemaking, 111 specialized sensors, 111 special-purpose sensors, 109-110 top management, 112-113 ShadowBox training, 260-261 Simon, Herbert, 51-62, 141 Simonian behavioral ideas, 62 Simon-style bounded rationality, 82 Simulations configuration complex signal detection system, 128 decision-maker (DM), 128 delays in sensing, 128 detection rates, 128 organizational structures, 128 parameters in, 128-129 Skepticism, 105 Sloan Management Review, 206 Slow-moving variables, 102 Small tent conception, 24-26 See also Large tent conception; Midsize tent conception "Social approval assets", 32–33 Social category, 42 Social psychological and organizational theory, 42 Social psychological biases, 46-47 Social psychology, 30, 43 Social structures, 54 Social value orientation, 27 Sociopolitical mechanisms (symbolic management), 46 Sorting, 83-84, 86 Span of decision-makers, 125–127 Specialized sensors, 111 Special-purpose sensors, 109-110

Spontaneous re-engineering, 183–184, 189 "Stage-setting" moves, 72 Standards of excellence, 185 State variables of organization, 102 Static knowledge structures, 29 Stereotype heuristic, 212 Stimuli, 182-183 Story of finance, 16 Stratagems, 205-206 Strategic adaptation, 30 Strategic behavior, human prehistory, 54 Strategic cognition research, 169 "Strategic decision comprehensiveness", 153 Strategic decision-making, 32, 59 in business, 60 Strategic deliberation, 105 Strategic factor market, 210 Strategic leadership and corporate governance, 47 scholars, 42 Strategic learning, 43 Strategic management behavioral hopes, 59-63 economic rationality in, 153 empirically driven, 59-60 empirical realities, 53 interdisciplinary, 52-53, 62-63 perspectives on, 54-57 plural methodology, 53, 61–62 prescription in, 200-201 problems, 79 (re)behavioralize aspects, 51-52trends in literature, 57–59 two-way street learning, 53-54, 59 - 61Strategic Management Journal (SMJ), 5, 24, 42, 268 Strategic management scholars, 32 Strategic Management Society (SMS), 24-25 Annual Conference, 42 Strategic management theory, 26 Strategic organization, 75

Strategic risk-taking. See Risk-taking Strategizing contemporary ideas evolutionary explanation, 249 industrial economics, 251-252 industrial explanation, 249 realistic theory, 250-251 resource-based explanation, 249 simple abstractions to interpret complex realities, 249-250 courses, 254-255 future-perfect framing, 257-258 long-term abstract properties, 249 psychological issues biased attributions and perceptions, 256-257 distorted probabilities, 255-256 efforts in face of uncertainty, 256 organizational control and ideologies, 257 scanning, 258-261 societal forces and technologies, 248 Strategizing behavior concern, 102 deliberative process, 102 information structures, 102–103 internal functional differentiation, 102 Strategy and organizations, 54 Strategy consultants, 74 Strategy formulation behaviorism. 72 interdependencies, 72 strategy problems, 72 Strategy-making process, 73 Strategy prescription, 197–206 Strategy scholarship, 91–92 Striving, 183 Structure-conduct performance paradigm, 268 Structuring, organization design and individual behavior, 85-86 Subgoals, 80-81, 95 Substantial meta-analytic evidence, 28 Substitutes for enthusiasm, 158 "Substitutes for strategy", 155 Superior profitability, 209–217 Capital One in credit card financing, 213-215 Draper Fisher Jurvetson (DFJ), 215 - 216Five Force framework, 210-211 Moneyball in Major League Baseball, 211-213 superior behavioral, 210 Superstitious learning, 4 SWOT analysis, 204 Symbolic management, 42, 46-48 theory, 48 Symmetric hierarchy, sensing, 124 Systems analysis, 55

Temporal action capacities, 170 Temporality, 170-171 Tenure decision meetings, 104-105 Text analysis, 223, 235, 238 Theory of games, 16 Theory of Monopolistic Competition, The. 250 Theory of second best behavioral and economic rationality, 161 behavioral thinking, 160 cognitive rationality, 160 complete rationality, 160 "context of discovery", 161 "context of justification", 161 conventional dichotomies, 162 decision rationality, 163 humanitarian service, 162 Mercenary strategies, 160 Pluralist and Contextualist research, 160 Romantic strategies, 160-161 TMTs. See Top management teams (TMTs) Top management behavior, 202 Top management teams (TMTs), 30-31,96

Trade-offs, 53 Trajectories of action, 168–169 Trajectory tracking, 175 Transaction cost theory, 268 Traveling Salesperson Problem (TSP), 142-143human computation for, 145–146 parameterizations, 145 Two ends of continuum, 230 Two-way street learning, 53–54, 60-61

Unified APR (Annual Percentage Rate), 213 Unified prescriptive theory, 198–200 Upper echelons, 3, 171 Upper echelons theory, 28

Valid feedback, exploration and exploitation, 229 Venture capitalists, 215–216 Vertical dimension, goals, 80 VRIN (valuable, rare, inimitable and nonsubstitutable) resources, 210, 252

"Wicked problems", 147-148