

STRATEGIC DECISION MAKING IN ORGANIZATIONAL PERFORMANCE:
A QUANTITATIVE STUDY OF EMPLOYEE INCLUSIVENESS

by

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of the Requirements for the Degree
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ABSTRACT

The purpose of this quantitative correlational explanatory study was to determine if the traditionally held view of the strategic management process where strategic decision making had once been entrusted solely to the organization's top management was still valid. Historically, only those in senior leadership positions within the executive office were felt to understand and employ strategic literacy in order to possess the skill, knowledge, and expertise to most effectively formulate corporate strategy and make strategic decisions. The purpose of the present study was to extend the foundational work of Wooldridge and Floyd from their 1990 study, using the modified Delphi Technique to look at the significance of additional employee involvement in the strategic decision-making process as it correlates to organizational performance.

DEDICATION

For those who have the courage to begin. . .

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CHAPTER 1: INTRODUCTION

Historically, the traditional view of the strategic management process, specifically strategic decision making, has been entrusted solely to the organization's top management team (TMT) (Hatten & Rosenthal, 2002; Pappas, Flaherty & Wooldridge, 2003; Pappas, Flaherty, & Wooldridge, 2004; Watson & Wooldridge, 2005). Only those in senior leadership positions within the executive office were felt to understand and employ the concept of strategic literacy in order to possess the skill, knowledge, and expertise in order to most effectively formulate corporate strategy and make strategic decisions (Torset, 2002). Pech and Durden (2004) argued that "many organizations fail because of weaknesses in the decision processes of their leaders" (p. 66). Pound argued that "most performance crises are not because of incompetence or wayward managers, but because of failure of judgment" (Crossan, Fry, & Killing, 2005, p. 121) believing that strategic thinking is needed throughout the organization, not just at the top. As a result, there has been a shift within strategic management in terms of strategic decision making, where the traditional decision-making paradigm has undergone a transformation.

In this sense, strategic decision making is a subset of the overall strategic management process itself of which leadership is of paramount importance. While part of the same whole, there are subtle distinctions that will be discussed moving forward as it specifically relates to strategic decision making. Business and corporate leadership now embraces the concept of *inclusiveness* as put forth by Floyd and Wooldridge (1997). The new age of the knowledge worker has emerged where *all* knowledge is important and of strategic value to the organization's leadership (Kaufman, 2003; Holt, Self, Thal, & Lo, 2003; Raelin, 2004; Peters, 2005). Involvement of additional employees needs to

be included in the strategic decision-making process to include this knowledge, regardless of where the knowledge comes from or who possesses it, in order for an organization to sustain competitive advantage in the global marketplace. Bass (1990) referred to this as expert power as “the ability to administer to another person information, knowledge or expertise [where] we accept readily the influence of those who we accept as experts” (pp. 233-234). Research demonstrates that an effective strategic decision-making process that embraces this inclusiveness of all relevant employees is an important feature to the subsequent success of the strategic process of the organization and is lacking within many of today’s organizational leadership structures (Floyd & Wooldridge, 1997).

A convincing argument can be made for “the success or failure of great enterprise depend[ing] on the quality of [its] leadership and governance” (Gandossy & Sonnenfeld, 2004, p. 63). The failure of senior leadership is due to their inability to make objective and informed strategic decisions. Pech and Durden (2004) argued that members of senior leadership were perhaps either unwilling or unable to fully use the existing knowledge of employees because much of the knowledge remained within the minds of the employees, never gaining voice in the process. This knowledge is believed to be vital to the leadership of the organization with regard to the strategic decision-making process, ultimately affecting the organization’s performance and ability to survive and maintain a competitive advantage (Wu, 2002; Raelin, 2004).

The 2004 American Management Association’s (AMA) Importance of Leadership survey cited the increasingly competitive business environment as the number one reason leadership continues to be of paramount importance in strategic management. A more

decentralized decision-making style was identified as the second most important reason (American Management Association, 2004). The findings of the AMA puts forth and establishes a contemporary foundation for the present study, giving credence to the significant value and timeliness of looking at the possible correlations of leadership within strategic decision making to organizational performance.

Background of the Problem

According to Torset (2002), most of the extensive reviews within the last 20 years aimed at developing a specific approach of the strategy decision-making process concluded that there is a multidimensional nature to the strategic decision-making process, being more comprehensive by embracing a more processual and contextual approach. Many researchers have shown that strategic decision making is no longer the exclusive domain of senior leadership (Wooldridge & Floyd, 1990; Floyd & Wooldridge, 1992, 1996, 1997, 2000; Torset, 2002; Anderson, 2004; Pappas, Flaherty, & Wooldridge, 2003; Pappas, Flaherty, & Wooldridge, 2004; Pech & Durden, 2004). The idea of including other employees within the strategic decision-making process below the level of senior leadership is felt to be critical to organizational performance.

Torset (2002) argued that a contextual transformation is taking place within the discipline of strategic management.

One of the most important contributions of the strategy process literature lies in the recognition of the role of multiple levels in the organization. Beginning in 1983, Burgelman changed the use of the term decision-maker, once referring only to top managers, instead, to refer to other organizational participants in the strategic process. (p. 7)

The Burgelman Model (1983, 1996) was the first to provide a “more detailed account of the interaction between functional, middle, and top managers of a firm as a strategic decision acquired definition” (Chakravarthy & White, 2001, p. 194; Floyd & Lane, 2000). The knowledge of other employees or participants is simply not used by organizational leadership when making strategic decisions (Hantang, 2005). The purpose of the present study is to look at the significance of additional employee involvement in the strategic decision-making process as it correlates to organizational performance. Persuasive evidence exists to suggest that strategic decisions made solely by top management may lack completeness and result in suboptimum organizational performance (Pech & Durden, 2004; Floyd & Lane, 2000).

The foundational research behind the present study is the 30 years of focused research conducted mainly by Floyd and Wooldridge, supporting the argument of the strategic value of including other employees within the strategic process. Since these studies have been significantly replicated by others in the field to include Pech and Durden (2003, 2004) and Anderson (2004), the purpose of the present research study will acknowledge that these are indeed the conclusions of experts with more than 30 years of study and experience. In 1990, Wooldridge and Floyd went beneath the level of senior leadership, directly correlating the involvement of middle management in the strategic decision-making process to improved organizational performance (Wooldridge & Floyd, 1990). In 1990, the authorship sequence was Wooldridge and Floyd. All of their other collaborative works are cited as Floyd and Wooldridge. The focus of the present study was to take the next step below the level of middle management to examine the relationship between the uses of additional organizational employees at lower levels of the organization,

specifically frontline managers in the strategic decision-making process as it relates to organizational performance. If this relationship continues to exist below the level of middle management, it would be of significant value to the study of strategic management, and leadership practices demonstrating the need for inclusion of other employees from levels below middle management in the strategic decision making process.

Statement of the Problem

The belief that strategic decision making is the sole province of top management is a problem. Peck and Durden (2004) believed that this “weakness in the decision process of organizational leaders results in organizational failure” (p. 66). The lack of inclusion of other employees within the strategic decision-making process potentially ignores essential information of strategic value and importance to the organization. According to a study, *The Strategy Process, Middle Management Involvement, and Organizational Performance* by Wooldridge and Floyd (1990), the involvement of middle management in the strategic process is positively associated with measures of organizational performance (Wooldridge & Floyd, 1990). The intent for this quantitative correlational explanatory study was to extend the foundational work of Wooldridge and Floyd, using the modified Delphi Technique, to examine the involvement of employees below the level of middle management. The present study focused on the next level of management, frontline managers, and the affect that their inclusion has upon the strategic decision-making process as it relates to organizational performance within large Fortune 1000 firms throughout the United States.

Figure 1 graphically demonstrates that historically the CEO was the primary person who made strategic decisions because he or she was believed to be the sole possessor of expertise and strategic literacy to make these decisions. This level was also the only level studied as part of the field of strategic management. The senior leaders of the top management team (TMT) were the next focus of study, where the CEO could consult with and be influenced by the next management level down (Pech & Durden, 2004). In 1990, Wooldridge and Floyd focused on the involvement of middle management, directly correlating the inclusion of middle management within the strategic decision-making process to increased organizational performance (Wooldridge & Floyd, 1990; Hantang, 2005). The purpose of the present study was to look at one level below middle management to the frontline manager (FLM). Future research should extend this study even further to the final level of employees within the organization, the frontline employees (FLE). This additional research would complete the study at all levels of the organization and analyze how involvement within the strategic decision-making process may affect organizational performance.

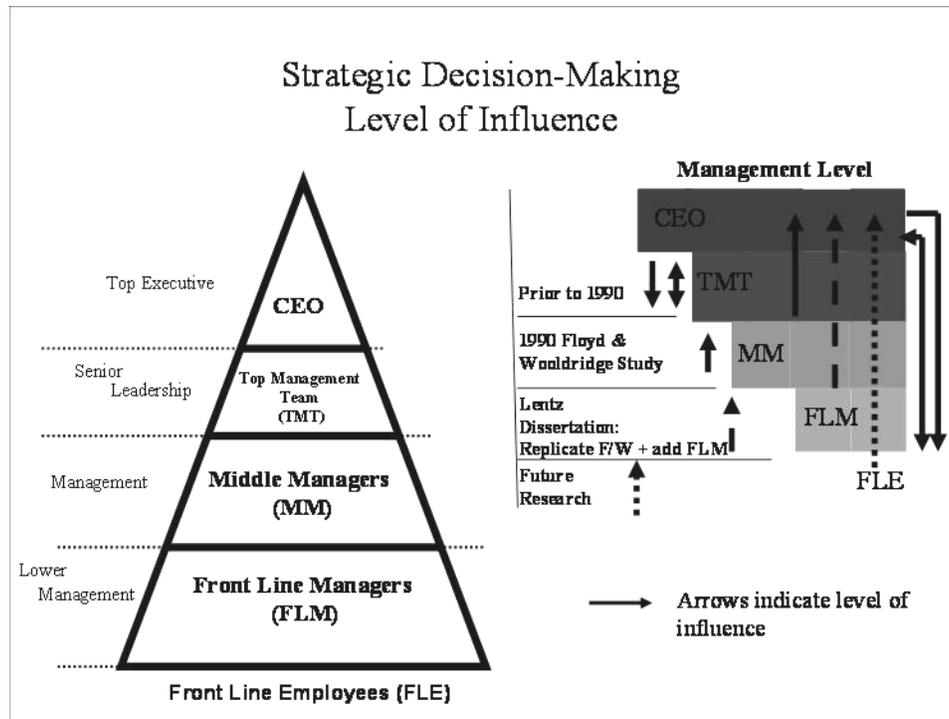


Figure 1. Current and Future Research Showing How Organizational Levels of Influence Affect Strategic Decisions.

Romelaer and Lamber (2002) highlighted the importance of hierarchical links between the individual and the organization, where “organizations are more structured sets of collective decision units than spaces where individual rationalities combine freely with each other. Roles, positions, and values have profound influences in organizations” (p. 79). Researchers believe that future research is needed to limit the blurring of the lines of the linkages among various groups with regard to process and context via strategic literacy, where senior leadership and the TMT no longer possess the *only* relevant knowledge repository (Wooldridge & Floyd, 1990; Floyd & Wooldridge, 1992, 1996, 1997, 2000; Torset, 2002; Romelaer & Lamber, 2002).

Purpose of the Study

The purpose of this quantitative correlational explanatory study was to analyze the involvement of other employees within senior leadership's strategic decision-making process to examine the relationship between the involvement of those below middle management, specifically frontline managers and their organizational performance. The intent of the present study was to replicate and extend the 1990 Wooldridge and Floyd study, retrieving data using a modified version of the Delphi Technique, where expert opinions of external human resource consultants were used who represent Fortune 1000 companies throughout the United States.

A quantitative correlational method was appropriate for the present study because this method is used to study research problems to explain the relationship among variables and their degree of association (Creswell, 2002). In the present study, the objective was to examine the relationship of middle management involvement to organizational performance and to examine if this relationship could be extended to the next level of the organization. An exploratory research design was appropriate because it used "a correlational design in which the researcher is interested in the extent to which two variables co-vary" (Creswell, 2002, p. 363). Understanding these relationships provided valuable insights to leadership practice with regard to strategic decision making and inclusion of multi-levels of employees.

Significance of the Study

The significance of the study is that, by understanding the concept of inclusiveness, organizational leadership could improve the strategic decision-making process in order to improve organizational performance. By including the knowledge of *all* relevant

employees within the strategic decision making process, the organization may be able to more fully to sustain competitive advantage through the dependant variables of competitive position, profitability, efficiency of operations, overall financial performance and growth rate (Wooldridge & Floyd, 1990). This could provide valuable insight and guidance to future management and leadership practices within the global marketplace. The data from the present study could provide senior organizational leaders with a more comprehensive understanding of the effects of employee inclusiveness on strategic decision-making strategies. This could affect how senior leaders will incorporate employee involvement as appropriate to the strategic decisions made within the organization. The present study will provide a first look at the inclusiveness of lower levels of management with an eye on the far more extensive research that would be a natural continuation of the present study.

In addition, the results of the present study could support a new method of collecting data, providing a unique approach to studying this problem using a modified, ask-the-experts Delphi Technique design. The Delphi Technique is a widely accepted and used technique, particularly within the medical community, to gain opinions from experts about a particular subject within their areas of expertise (Hardy, O'Brien, Gaskin, Morrison-Ngatai, Skews, Ryan, & McNulty, 2003; Murrow, 2005). For purposes of the present study, a modified version was used to analyze the opinions of external human resource consultants, hired by organizations for their specific expertise in the area of human resource management. According to Ramiall (2006), "Strategic contribution accounts for 43 percent of HR's total impact on business performance" (p. 2). For this reason, external human resource consultants are the most logical choice. This new

technique using the expertise of consultants to collect data as a proxy sampling group will be referred to as the modified ask-the-experts Delphi Technique.

Significance of the Study to Leadership

The significance of the study to leadership is that leaders value intellectual capital (Peters, 2005). Senior leadership looks for ways to improve their organizations with specific regard to how to use knowledge in their strategic decision-making process in order to create optimal organizational performance. Without the acknowledgment and the use of strategic literacy at *all* levels of management by senior leadership, regardless of the employee level, organizations may not perform to optimum potential. “Nothing is more valuable than the wisdom of [an organization’s] employees and their willingness to speak the truth” (Gandossy & Sonnenfeld, 2004, p. 92). Inclusiveness and the importance of everyone in the organization being of strategic value may no longer need to be questioned. Leaders who practice inclusiveness within this process may encourage others to develop this technique of including relevant employees in order to have more informed strategic decisions that may directly correlate to improved organizational performance.

Wooldridge and Floyd (1990) discovered the “strategic value of middle managers and that when middle managers were involved in the substance of strategic decisions—not just in their implementation—the bottom line improved significantly” (p. x). It is believed that the use of additional employee involvement at the frontline management level will have the same significant impact. While Wooldridge and Floyd (1990) supported the new “vision of leadership from the middle” (p. 3), it is believed that research conducted in identifying the link between the importance of middle managers to their organizations’ competitive advantage will further extend this research when the link is connected from

line management upward, toward top management, instead of only from middle management, where involvement from the bottom will also have equal intrinsic value.

Nature of the Study

A quantitative correlational explanatory method was appropriate for the present study because the nature of quantitative research is focused on the relationship of variables (Creswell, 2002). The present quantitative study employed a correlational explanatory method, using the modified version of the Delphi Technique, in order to expand upon the ask-the-experts technique for obtaining valuable information from the expertise of external human resource consultants. This correlational explanatory method continued the foundational research of Wooldridge and Floyd, begun in 1990, where they were able to explore the relationship various levels of management had with organizational performance. This particular part of the 1990 study is of interest and was the portion of the 1990 study that was extended.

Within the medical field, the traditional Delphi Technique has been used in order to have a panel of experts qualitatively establish guidelines that are then subsequently used to quantitatively study the outcomes of these guidelines (Turner & Weiner, 2002). The present study embraced a more extended and unique approach. The modified Delphi Technique is predicated upon the use of external human resource consultants as a proxy sample that represents Fortune 1000 companies. Consultants are hired in order to fulfill a specific need that these corporations cannot complete themselves. Consultant expertise is a widely accepted way of garnering information that is not readily available to senior leadership (Turner & Weiner, 2002). The present study took the approach that, instead of asking the organizational employees regarding their level of involvement in strategic

decision making as studies have traditionally done, human resource consultants were asked in their stead. The present study asked only the external human resource consultants, believing that their opinions are indeed representative of what the employees within these organizations themselves would say if the entire organization would be asked, which is proposed for future study.

Traditionally, organizations have found the opinions of human resource consultants to be of strategic value. The type of consultant was chosen specifically for his or her “mastery of HR knowledge [that] comes from knowing the concepts, language, logic, research and practices of HR [and their ability] to apply that knowledge to specific business settings” (Ramiall, 2006, p. 1). The strategic contributions of human resource consultants account for “43% of human resource’s total impact on business performance” (Ramiall, 2006, p. 2). Use of the Delphi Technique within this quantitative methodology surveyed these human resource consultants for their specific expertise. The use of the Delphi Technique gained particular acceptance within the medical field in order to develop expert-based guidelines for a variety of purposes (Turner & Weiner, 2002). The many benefits of Delphi Technique include “shared expert knowledge which aids converging consensus and validity” (Murrow, 2005, p. 40). The medical community has relied on the benefits of the Delphi Technique being a well respected and established way of obtaining data based on the opinions of experts (Murrow, 2005). The use of this technique in which to collect data is believed to be of tremendous value because human resource consultants would be in a position to understand the dynamics of the entire organization and to adjust for frame-of-reference biases of the employees. Such a study may be able to accomplish the same goals of inquiry as the original 1990 Wooldridge and

Floyd study in order to examine the relationship between the involvement of the next level of management and the use of frontline managers to organizational performance.

Human resource consultants were asked to answer questions regarding the level of involvement of various levels of management in the strategic decision-making process of senior leadership. The re-created survey instrument from the 1990 Wooldridge and Floyd study was used (see Appendix A) with the addition of the next level of management, the frontline managers. The quantitative, correlation, explanatory, methodology using the modified Delphi Technique was appropriate as correlational analysis investigated the involvement of all levels of management with organizational performance.

Research Questions

This quantitative correlational explanatory study was conducted in order to understand the relationship to replicate and extend the former study of Wooldridge and Floyd from 1990. At the time of the 1990 study, no research had been able to demonstrate a connection between middle management involvement in strategy and organizational performance. Wooldridge and Floyd asked the question of whether an “involvement-performance relationship could be empirically demonstrated and if so, whether the source of the relationship could be identified” (Wooldridge & Floyd, 1990, p. 233). The present study sought to discover if these results could be replicated and additional questions posed that include a relationship between inclusion of other organizational employees such as frontline managers and organizational performance.

The Wooldridge and Floyd 1990 study was based on the following question:

1. “Is there an involvement-performance relationship that can be empirically demonstrated between middle management involvement in the strategic decision-

making process and organizational performance?” (Wooldridge & Floyd, 1990, p. 233)

In order to extend Wooldridge and Floyd’s research, the following question must be worded within the same context as question one.

2. Is there an involvement-performance relationship that can be empirically demonstrated between frontline management involvement in the strategic decision-making process and organizational performance?

Hypotheses

For purposes of the present study, the term *middle management* as used in the original Wooldridge and Floyd’s 1990 study for their hypothesis H1 will be replaced with *frontline management*.

1. H1: There will be a positive relationship between *frontline management* involvement in the strategic decision-making process and measures of organizational performance.
2. H2: There will be similar correlations found in this study with the use of the modified Delphi Technique and data collected from the 1990 Wooldridge and Floyd study, thus strongly suggesting that human resource consultant experts can provide an accurate assessment of the involvement of organizational employees within the strategic decision-making process.

Null Hypotheses

1. Ho1: There will not be a positive relationship between *frontline management* involvement in the strategic decision-making process and measures of organizational performance.

2. Ho2: There will not be similar correlations found in this study with the use of the modified Delphi Technique and data collected from the 1990 Wooldridge and Floyd study. Human resource consultant experts cannot provide an accurate assessment of the involvement of organizational employees within the strategic decision-making process.

Theoretical Framework

Organizations that embrace a participative decision-making style encourage ideas that permeate from all areas of the organization. “This means that all people who effect or are affected by a decision have a say in the decision” (Bennis & Nanus, 1997, pp. 111-112). “Everyone feels that he or she makes a difference to the success of the organization. People feel that what they do has meaning and significance” (Bennis, 1989, p. 23). Strong values within an organization encourage information sharing. The theoretical framework of this study is built on the concept of *inclusiveness* where all employees within an organization have strategic value and worth to the strategic decision-making process (Wooldridge & Floyd, 1990; Floyd & Wooldridge, 1992, 1996, 1997, 2000; Torset, 2002; Anderson, 2004; Pech & Durden, 2004).

Independent and Dependant Variables

For purposes of the present study, the independent variables were the involvement of various management employees within the organization. The dependant variables include organizational metrics that measure organizational performance (Wooldridge & Floyd, 1990). Figure 2 presents the variables under study.

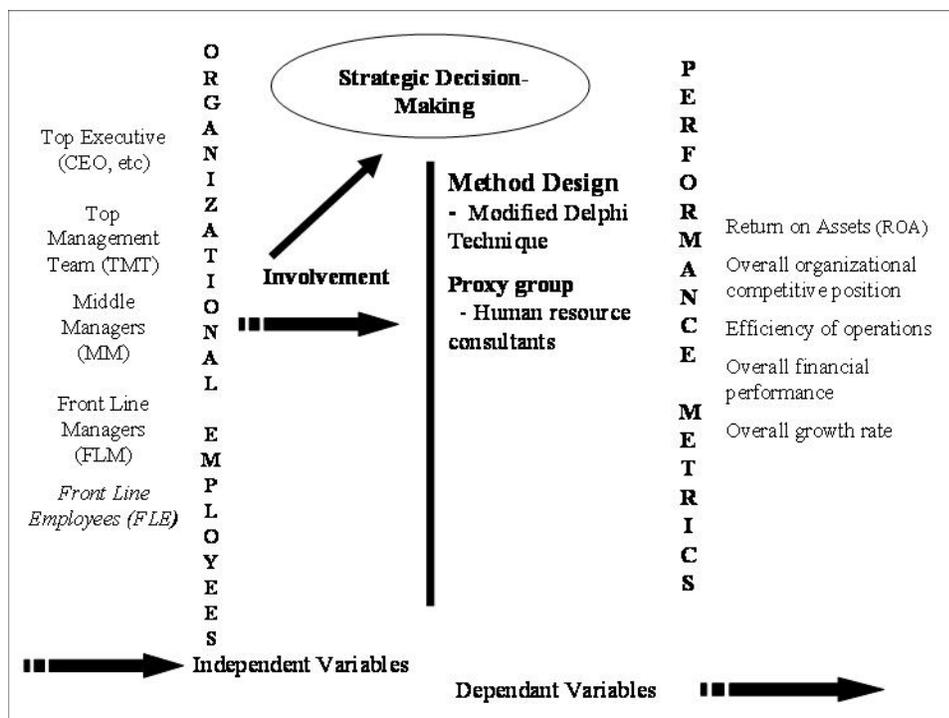


Figure 2. Strategic Decision-Making Variables.

Definition of Terms

For the purpose of the present study, the following definitions are presented for clarity and conciseness:

Business strategy “deals with the ways in which a single-business firm or individual business unit of a larger firm competes within a particular industry or market” (Bowman & Helfat, 2001, p. 1).

Corporate strategy “deals with the ways in which a corporation manages a set of businesses together” (Bowman & Helfat, 2001, p. 1).

Frontline Employees are defined as employees at the first level of the organizational structure chart. They have no one reporting to them.

Frontline Managers are defined as managers at the first level of the organizational structural chart. They have frontline employees reporting to them.

Inclusiveness is defined as the ability to include all organizational employee input as a feature of the strategic process applicable to the strategic decision at hand (Floyd & Wooldridge, 1997, p. 482).

Leadership Decisions [are] “those moments when executives and directors face a relatively discrete opportunity to commit company resources to one course of action or another” (Gandossy & Sonnenfeld, 2004, p. 63).

Middle Managers are “organization members who link the activities of vertically related groups and who are responsible for at least sub-functional work flow, but not the work flow of the organization as a whole” (Floyd & Wooldridge b, 1992, p. 157).

Organizational performance metrics are returns on assets (ROA), overall organizational competitive position, efficiency of operations, overall financial performance, and overall growth rate (Wooldridge & Floyd, 1990).

Strategic decisions are decisions that “have multiple objectives and alternatives, long term impacts, multiple constituencies within the company, involve multiple disciplines and multiple decision makers, and always involve various degrees of risk and uncertainty” (Kazan, 2005, p. 293).

Strategy development is the ability to develop a “roadmap to help navigate the changing environment in which they operate” (Latham & Vinyard, 2005, p. 22). Strategy development involves strategic planning, defined as: 1) where the organization currently stands, 2) where the organization wants to be, 3) how the organization will get there, and 4) how the organization will know it is progressing toward that goal and when it will actually get there. Development includes asking what framework and method are best (Latham & Vinyard, 2005).

Strategic leadership focuses on the people who have overall responsibility for the organization and includes not only the leader of the organization, but also members who are referred to as the top management team or dominant coalition. Strategic leadership activities “include making strategic decisions, creating and communication a vision of the future, developing key competencies and capabilities, developing organizational structures, process and controls, managing multiple constituencies, selecting and developing the next generation of leaders” (Boal & Hooijberg, 2001, p. 516).

Strategic literacy is the “ability to read and write strategy” (Torset, 2002, p. 1).

Strategic planning addresses the organizational mission and objectives and short- and long-term desirable outcomes and tasks, considers available resources for task implementation, and determines accountability and responsibility criteria (Valdez, 2004, p. 2).

Top Management Team (TMT) is defined as the members “at the decision-making peak of the whole organization. [They] set the mission, formulate the strategy and operate and lead the development of the business within an enterprise” (Wu et al., 2002, p. 1). These organizational employees are generally at the vice-president level or above.

Assumptions

The following assumptions defined the present study: 1) the instrument survey that was recreated from the original 1990 Wooldridge and Floyd study is the same instrument, as verified by its original creators, Floyd and Wooldridge (see Appendices A, B, and C); 2) human resource consultants provided answers to the survey instrument that were honest and truthful; 3) external human resource consultants were the most appropriate consultant type for this type of study; 4) objective organizational performance metrics

(the dependant variables) may not be available for all publicly traded Fortune 1000 organizations that the human resource consultants represent (see Figure 2); 5) the data collection process was anonymous; and 6) the quantitative correlational explanatory method was the best vehicle for replicating and extending the 1990 Wooldridge and Floyd study.

Scope and Limitations

The following limitations of the present study included 1) a non-probability sampling of external human resource consultants because this population “satisfactorily met the sampling objectives” (Cooper & Schindler, 2001, p. 190); 2) it was not cost effective or time efficient to survey all members of the organizations that the human resource consultants represent, potentially numbering in the hundreds of thousands, where the total population would not be available for study; 3) the population of Fortune 1000 companies that human resource consultants represent; 4) the number of participants surveyed; 5) the amount of time available to conduct the study; and 6) instrument validity is limited to the reliability of the survey instrument used as based on the Wooldridge and Floyd (1990) study.

Review of the literature identified four primary limitations to the use of the *standard* Delphi Technique: 1) potential to obtain manipulated consensus; 2) lack of rigor, revolving around statistical analysis and questionnaire psychometrics; 3) intensity and amount of labor required to carry out the procedure; and 4) duration of time required to complete the process (Nekolaichuk et al., 2005, p. 467). The present study is not using the consensus component as part of the standard Delphi Technique. Instead, the present study is proposing a *modified* version. As a result of these limitations, great care will be

taken regarding the ability to generalize these findings. Future research will be needed in order to validate that the opinions of human resource consultants are representative of actual organizational employees' opinions.

Delimitations

Delimitations of the present study confined itself to surveying 15 or more external human resource consultants who represented publicly traded Fortune 1000 organizations within the United States. Using non-probability sampling, only external human resource consultants were selected because of the desire to study specifically those with the required expertise who represent Fortune 1000 organizations within the United States that use the 360-degree management review process (Bracken, Timmreck, Fleenor, & Summers, 2001; Peiperl, 2001; Freedman, 2003).

Summary

Chapter 1 introduced the traditionally held view of the strategic management process where strategic decision making had once been entrusted solely to the organization's top management. Only those in senior leadership positions within the executive office were felt to understand and employ strategic literacy in order to possess the skill, knowledge, and expertise to most effectively formulate corporate strategy and make strategic decisions (Wooldridge & Floyd, 1990; Floyd & Wooldridge, 1992, 1996, 1997, 2000; Torset, 2002; Anderson, 2004; Pech & Durden, 2004). As a result of a transformation within the field of strategic management and decision making, research suggests that strategic decision making requires the involvement of additional organizational employees below the level of middle management and senior leadership.

The focus of the present study, using a quantitative correlational explanatory methodology and design, was to analyze the next level of management involvement below middle management, extending the work begun by Wooldridge and Floyd in their 1990 study to examine the relationship of involvement of additional employees within strategic decision making. The focus of the present study was specifically on the inclusiveness of frontline managers and the involvement-performance relationship.

Chapter 2 will present a literature review of strategic decision making. An overview of strategic decision making will be presented from an historic perspective as well as research completed to date within the field of strategic management.

CHAPTER 2: REVIEW OF THE LITERATURE

Traditionally, strategic decision making, under the broader discipline of strategic management, has been the sole responsibility of an organization's senior leadership or top management team. Recent studies indicate that organizational leaders encounter several challenges with these responsibilities. According to the first annual University of Michigan Business School Pressing Problems Survey (2000), of the chief concerns of today's business professionals, the second most frequent problem executives reported was "thinking and planning strategically" (Weick & Sutcliffe, 2001, p. 2). The inability of executive management to develop and implement effective strategic decision making can negatively impact organizational success. Pech and Durden (2004) argued that "many organizations fail because of weaknesses in the decision process of their leaders" (p. 66). As a result, input of other organizational employees beyond senior leadership is critical to the success of strategic decision making, having a direct correlation to the performance of the organization (Pech & Durden, 2004; Anderson, 2004).

The purpose of this chapter is to provide an overview of the literature that discusses the context and scope of strategic decision making and the resultant impact these decisions have on organizational performance. This discussion will include the historical evolution of the strategic value of the involvement of other employees within the process to include the research findings of Floyd and Wooldridge, relating the key variables of employee involvement within the strategic decision-making process to organizational performance (see Figure 1). What once began as the sole domain of senior leadership, "Strategic leadership now occurs not only at the top but at all levels of the organization"

(Floyd & Wooldridge, 2000, p. xiv) but has since moved to a more decentralized model where the shift is toward a more middle manager perspective.

Existing literature provides several important studies, which emphasize and develop the strategic value of one specific group of organizational employees, the middle manager—specifically the studies put forth by Wooldridge and Floyd (1990) and later again as Floyd and Wooldridge (1992, 1996, 1997, 2000), as well as Wu et al., (2002), Pech and Durden (2004), and Anderson (2004). A significant gap within the literature exists. There has been no attempt to date to extend research beyond the level of the middle manager to include the next management level down, otherwise known as the frontline manager, in this strategic decision-making process by organizational leaders.

The foundational research begun in 1990 by Wooldridge and Floyd has already linked the inclusiveness of middle management involvement within the strategic decision-making process to improved organizational performance. Since these studies have been significantly replicated by others in the field to include Pech and Durden (2003, 2004) and Anderson (2004), the purpose of the present research study will acknowledge that these are indeed the conclusions of experts with more than 30 years of study and experience. As a direct result, there exists a critical need to understand the influence of these studies not only with regard to middle managers, but inclusive of *all* affected organizational employees who possess strategic value, specifically frontline managers (Pech & Slade, 2003, 2004). The purpose of the literature review is to summarize previous research findings of these experts, particularly the work of Wooldridge and Floyd (1990), in relating these key variables of employee involvement within the strategic decision-making process to organizational performance.

This literature review will also show the relevance of the particular type of methodologies used within these previous research findings, particularly acknowledging the value of expert-based knowledge and perspective.

Literature Review

The discipline of strategic management was believed to be the purview of senior leadership, specifically those at the top of the organizational pyramid: the CEO or the TMT (Pech & Durden, 2004). As a result, the field of strategic management includes the element of strategic planning (i.e., strategic decision making as the initial focus, believing that only those in senior leadership possessed the qualifications, experience, and ability, known as strategic literacy, to successfully create and define strategy) (Torset, 2002). Historically, strategic decisions have followed this traditional bureaucratic structure, from the top down. This classical process model is the starting point with regard to foundational theory as a point of departure for this literature review.

Baseline classical decision theory introduced to management education and practice the “division of strategy into two subsequent phases: The first one called ‘formulation’, the second one called ‘implementation’” (Lechner & Muller-Stewens, 2000, p. 4).

Research within the classical process model focuses on decisions as a relevant object of analysis. Strategy processes are perceived as decision-making processes, since it is through decisions that the main-direction of the corporation is shaped and defined. This process is initiated and driven by top management, in some cases even from the individual chief executive.

Strategies imply crucial decisions about the future of a corporation and therefore rest in the responsibility of the top executive board. It is on the top

management level where the corporation's strategic intelligence is located, and therefore where crucial stimuli have to start out from. Other management levels such as middle and lower management have to participate in the ongoing process by providing the necessary information, serving as facilitators and engaging themselves with adequately implementing the formulated strategies. (Lechner & Muller-Stewens, 2000, pp. 4-5)

This supports the Floyd and Wooldridge (2000) contention that "for much of its history, academic literature in strategy has focused on the actions and decisions of top managers. Indeed, the field has often been defined by its focus on the problems and issues facing senior executives" (p. xiii). Initially, strategic management believed that both strategic decision making *and* implementation were part of the top management purview. Existing studies provide a foundation where this distinction demonstrates the separation from the sole purview of senior leadership, giving the implementation function to the lower level of the middle manager (Floyd & Wooldridge, 1996, 2000).

Top Management Focus

Strategic Literacy

While significant studies have been conducted within the discipline of strategic decision making, the initial focus was primarily within the domain of the top management, president, CEO, or the top management team and subsequent executive members. This particular review will concentrate on the groundbreaking work of Wooldridge and Floyd and their belief that the overall strategic process entails far more than merely the "province of top management" (Wooldridge & Floyd, 1990, p. 231). A review of the literature supports this supposition with the works of Burgelman (1983) and

the foundational work of Mintzberg and Waters (1985), where Frederickson (1984) later summarized that an “observer’s participation in the strategic process is not limited to a few individuals who are located at the very top of the organization” (Wooldridge & Floyd, 1990, p. 231; Stock, 2004).

Middle Management Focus

Because of the lack of study within the field of strategic management, Wooldridge and Floyd (1990) studied the wider participation perspective in the strategic process, specifically at the level of middle management and the *inclusiveness* effects on organizational performance. The 1990 Wooldridge and Floyd theoretical model posited two possible paths regarding the relationship between middle management involvement in strategy and organizational performance. “Following path A, middle management involvement in strategy improves performance by improving the quality of strategic decisions. Following path B, middle management involvement improves performance by increasing the level of consensus about strategy” (Wooldridge & Floyd, 1990, p. 232; Floyd & Wooldridge, 1994). Wooldridge and Floyd defined their dependant variables twofold with: Path A follows a more *thinking*, creation and developmental perspective, while Path B follows an implementation path that focuses on the *doing* aspect of strategic decision making. For purposes of clarity and relevance, this literature review will focus on Path A, where the Wooldridge and Floyd’s 1990 study examined the strategic involvement of middle managers in 20 organizations (11 banks and nine manufacturers) with the following hypothesis:

H1: “There will be a positive relationship between middle management involvement in strategy and measures of organizational performance”

(Wooldridge & Floyd, 1990, p. 233).

The study used a mixed methodology that began with qualitative data that focused on the strategic *process*. The data was collected through semi-structured interviews with the CEO of each organization. The CEO then identified the members of the first tier of managers, the TMT, and the second (middle) and third-level (operational) managers. A sample of 196 respondents was used. Wooldridge and Floyd (1990) developed a questionnaire that was used to determine the extent of middle management’s strategic involvement (Path A) and consensus within each organization (Path B). The study began with a *qualitative* methodology that used interviews and concluded with a *quantitative* instrument measure. The seven-point Likert-type scale ranged from *fully involved* (seven) to *not at all involved* (one). The five aspects of the strategic process assessed: “1) identifying problems, 2) generating options, 3) evaluating options, 4) developing details about options, and 5) taking the necessary actions to put changes into place” (Wooldridge & Floyd, 1990, p. 235) (see Appendix A). There were nine Likert-type items that were modified from previously developed instruments (Porters, Steers, Mowday, & Boudlian, 1974). Wooldridge and Floyd (1990) performance measures were the extent of middle managers’ decision-making involvement. Their construct was defined as the product of middle management’s *commitment to* and *understanding of* the respective organizational strategy (Wooldridge & Floyd, 1990).

For their 1990 study, Wooldridge and Floyd found a limitation to their method of design because comparable objective performance measures were difficult to find and not

available for all firms. Ultimately, consistency of evaluation was lacking. As an alternative, *subjective* measures of organizational performance were obtained from the CEOs as they rated their organizational performance on a seven-point Likert-type scale using the following dependent variables: overall competitive position, return on assets, efficiency of operations, overall financial performance, and growth rate. The study found a positive relationship between middle management involvement in strategy and positive organizational performance metrics (Wooldridge & Floyd, 1990).

Upward and Downward Influence

The 1992 study by Wooldridge and Floyd built upon previous research and constructed a typology of four middle management strategic roles and their subsequent links to organizational strategy that included the upward and downward influence of middle managers and their either integrative or divergent resultant behavior. “The results suggested the usefulness in assessing both the level and type of middle management strategic activity” (Floyd & Wooldridge, 1992, p. 154). “Traditionally, middle-level managers have not been considered part of the strategy process except in providing informational inputs and directing implementation” (Floyd & Wooldridge, 1992, p. 153). The study operationalized the definition of middle managers as “organization members who link the activities of vertically related groups and who are responsible for at least sub-functional work flow” (Floyd & Wooldridge, 1992, p. 157). This 1992 study provided evidence that middle manager’s influence extends beyond simply implementation. “By viewing strategy formation as a process involving middle, as well as top managers, this study and future research can contribute to the understanding of how top management intent combines with middle management activity in the creation of

realized strategy” (Floyd & Wooldridge, 1992, p. 165). With a statistical measure of variation in middle management behavior, “Research demonstrate[d] that organizational performance improves when middle managers actively participate in strategy-making processes” (Wooldridge & Floyd, 1996, p. 52).

The middle management perspective was a point of departure for the work of Wooldridge and Floyd in 1990 and all subsequent studies. “Virtually all research on strategic decision-making [sic] has focused on upper management teams that formulate policies and procedures. Gradually, management scholars have begun to accept the notion that organizational actors at all levels contribute to the strategy-making process” (Pappas, Flaherty, & Wooldridge, 2003, p. 2). Additional research demonstrated that “middle managers exert significant upward influence on top management by championing new ideas and synthesizing information that ultimately leads to change” (Pappas, Flaherty, & Wooldridge, 2003, p. 2). By being in a strategic position of influence, i.e., by being able to supply information to top managers, they are by position being able to influence and alter top management’s perspective in a substantive way” (Pappas, Flaherty, & Wooldridge, 2003, p. 2; Kaufman, 2005).

Organizational Performance

In addition to the foundational work by Wooldridge and Floyd, the area of strategic management was entering another shift in thinking. According to Anderson (2004), Dess and Robinson (1984) assessed organizational performance by efficiency and market expansion to reflect overall economic performance, which was measured by self-assessed indicators of an organization’s profitability and sales growth compared to its close competitors (Anderson, 2004). Anderson (2004) believed that “decentralized decision

structure and (strategic) planning activities are associated with higher performance in dynamic environments” (p. 1,271). This complimented Floyd and Wooldridge’s 1992 study of dynamism. Anderson (2004) found that “distributed decision authority, participation in decisions and strategic planning processes were all positively correlated (via a correlation analysis) with economic performance” (p. 1,285). In this study, economic performance was the dependant variable and the distributed decision authority, participation in decisions, strategic planning processes, and various interaction terms were the independent variables. Dynamism was also included as an independent variable (Anderson, 2004).

In addition to the correlational analysis, Anderson (2004) conducted a regression analysis to see if any meaningful changes in the data could be found. The conclusions using this statistical technique showed that the while “distributed decision authority and participation in decisions did not display any consistent direct relationships to economic performance as a dependant variable, [the] strategic planning process had significant positive relationships to economic performance” (Anderson, 2004, p. 1,286). This provided useful information to support further examination of the dependant variable of performance metrics as an accurate indicator of participation in the strategic decision-making process as it relates to improved organizational performance.

The Stakeholder Approach

From yet another perspective, Mair and Rata (2004) in their working paper, *Corporate Entrepreneurship: Linking Strategic Roles to Multiple Dimensions of Performance*, a working paper within the discipline of the corporate entrepreneurship model of their 1997 study, attempted to link strategic roles to performance, inclusive of

the work of Chakravarthy (1986) (Chakravarthy, 2001). Mair and Rata (2004) proposed multidimensional measures based on financial variables. They believed, however, that “performance based on one-dimensional [financial] measures lack[ed] the necessary diversity to provide managers with the range of information they needed for internal management and control” (Mair & Rata, 2004, p. 2). It is here where the emergent theories with regard to other organizational employees participating in the process gains merit. Mair and Rata (2004) cited Floyd and Wooldridge, with regard to their 1992 results, as a measure of middle management roles in strategy. Among other more specific criticisms, it has been argued, “These measures are inadequate for strategic decision making and planning since they assume the dominance of the economic and financial goals of a firm” (Mair & Rata, 2004, p. 4). Mair and Rata (2004) proposed that these measures “capture only one dimension of performance,” claiming that “some researchers have argued that performance should be measured along multiple dimensions” (p. 4). Atkinson et al., (1997) focused on taking into “account the contributions and expectations of *all* the stakeholders of a firm” (Mair & Rata, 2004, p. 4). In believing that the purpose is to maximize the shareholders’ wealth (profit) as its primary objective, the secondary objective must also measure and meet the needs of other stakeholders, to include “customers, employees, suppliers, and the wider community; (consequently) the performance measure should include both *financial* and *non-financial* measures” (Mair & Rata, 2004, p. 4).

As part of this criteria, Mair and Rata (2004) cited other disciplines to include research in finance and marketing and the following *stakeholder approach*, which “emphasized the fact that attention to all relevant stakeholders is a prerequisite for a

firm's performance" (p. 4). Their purpose is to maximize shareholder value. Mair and Rata (2004) used the theoretical framework of stakeholder theory for their research. This theory states that organizations are comprised of various stakeholders, and it is the "task of managers to manage the firm in a way that allows the pursuit of multiple objectives [where] a stakeholder is a person or group 'who can affect or who is affected by the achievement of the organization's objectives'" (Mair & Rata, 2004, p. 5).

Crossan, Fry, and Killing (2005) suggested that "anyone without power, legitimacy or urgency is not a stakeholder [and those] stakeholders possessing only one of the three attributes will have low salience with management" (p. 66). The implication is for senior leadership to take into consideration those who have the highest salience with regard to the need for their involvement and influence when making strategic decisions. This is a newer model within strategic management that acknowledges the need for strategic thinking throughout the organization.

Frooman (1999) suggested that resource dependency theory provides additional answers to this stakeholder approach using the seminal work of Freeman (1984) as a major contributor to the development of this area. Goodpaster (1991) divided this definition into two distinctions, strategic, and moral aspects. The strategic stakeholder is of interest to this study. "Stakeholder theory asks a decision maker to consider, in reaching a decision, the interests of each individual or entity that holds a stake in that decision or will be affected by that decision" (Hartman, 2002, p. 170). The internal stakeholder lends credence to the upward and downward influence all organizational employees can have upon each other and ultimately the organization and its performance. This correlation lends credibility to the importance of the present study, demonstrating

that all relevant stakeholders have interests in a particular decision with potential influences on those that make the resultant decision. The possessors of the relevant knowledge then are those who hold the key to transforming the strategic direction of the organization into some measurable performance metric.

Mair and Rata (2004) focused on both objective and subjective sources to gather data, using company archives to collect performance and satisfaction data, in order to assess middle managers' activities that constitute strategic roles (specifically) in the context of corporate entrepreneurship (Mair & Rata, 2004). This definition of stakeholder seems to indicate that this strategic decision-making role, once held exclusively by top management, extended through to middle management and also includes frontline managers and employees, as those who are also *affected by* and *have the ability to effect* organizational objectives and change.

Strategic Leadership Theory

In addition to the entrepreneurship model, consideration must be given to the upper echelon theory [Hambrick & Mason, 1964], which evolved into the strategic leadership theory [Finkelstein & Hambrick, 1996], and suggested that organizational performance was the proper dependant variable (Hambrick & Mason, 1982; Boal & Hooijberg, 2001). Boal and Hooijberg (2001) believed that strategic leadership makes a difference within an organization, but they carefully examine which variables within this realm make the difference. They suggest that the difference is between the *process* and the *effects*, which segues nicely into the emergent new disciplines of strategic decision making.

Boal and Hooijberg (2001) reiterated that "Hambrick (1989) defined performance in terms of effectiveness, efficiency, and stakeholder's needs, where it is operationalized as

return on equity (ROE), return on investment (ROI), return on assets (ROA), and sales” (p. 522; Hawawini, Subramanian, & Verdin, 2003; Penttila, 2004; de Kluyver & Pearce, 2006). Floyd and Wooldridge (1990) agreed that

organizational performance is a multifaceted construct that defies measurement by a single number. The choice of return on assets was considered as a dependant variable because: 1) profitability is the most frequently used measure of firm performance in strategic management literature, and 2) ROA has been shown to be the best substitute for multiple performance measures. (p. 55)

At one time, these theories were considered to “hold the most promise for understanding the process of strategic leadership as they relate to absorptive capacity, adaptive capacity, and managerial wisdom” (Boal & Hooijberg, 2001, p. 522). While strategic leadership theory is under the heading of strategic management and leadership, it also has an aspect of strategic decision making, specifically trait theory, whereby the personal characteristic of those individuals charged with the task of making strategic decisions (i.e., the CEO and the top management team, and now extended to the middle manager) become an important characteristic that ultimately affects the dependant variable of organizational performance (Boal & Hooijberg, 2001; Chu, 2001).

The challenge with regard to these evolving paradigm(s) (i.e., strategic leadership theories according to the literature), is that it is not always “clear if one is studying strategic leaders or strategic *leadership*. Leadership is not equivalent to office-holding or high prestige or authority or decision-making. It is not helpful to identify leadership with whatever is done by people in high places” (Boal & Hooijberg, 2001, p. 524). Boal and Hooijberg (2001) quoted from Pettigrew (1992), who suggested that “the first task for the

process scholar is to identify which players are involved and why” (p. 524). Boal and Hooijberg (2001) provided an historical review citing the importance of the work of “Hart (1982) on strategy-making styles; the research on decision-making biases (Hogarth, 1980); the escalation of commitment (Staw, 1981); and the work on individual and organizational minds (Barr & Huff, 1997; Barr, Stimper, & Huff, 1992; Weick, Sutcliffe, & Obstfeld, 1999)” (p. 524). These important research discoveries were able to fill gaps believed to be within the strategic leadership theory. The cornerstones of strategic leadership and its subsequent performance-based dependant variables are reliant upon “the capacity to learn, the capacity to change, and managerial wisdom” (Boal & Hooijberg, 2001, p. 529).

According to Floyd and Wooldridge (1996), strategic formulation can be defined as “the organizational learning process associated with the accumulation and deployment of organizational capabilities” (p. 35). It follows then that the accumulation and deployment of organizational capabilities would include *all* the resources of the organization, where resources are defined as human capital, and more specifically, as frontline managers and employees. As part of strategic formulation and the resultant decisions themselves, the independent variable is the amount of involvement from these various organizational employees. Of specific interest to this study is the next level of management, the frontline manager.

Organizational Knowledge: Resource Based Knowledge (RBV)

The next focus will be on content and influence of these strategic decisions, what Floyd and Wooldridge referred to as the “resource-based view of knowledge (RBV) [where] RBV asserts that firms are different from one another because they possess

unique sets of resources, consisting of tangible or intangible assets and capabilities. Examples of resources include brands, patents, cash, individual skills, and knowledge” (Floyd & Wooldridge, 2000, p. 80; de Kluyver & Pearce, 2006). The focal point narrows and focuses on the knowledge of the organization, specifically, who possesses it, who controls it, and who ultimately benefits from its use. Regardless of whether knowledge creation is defined in either sociological or psychological terms, “Theorists in this domain hold the view that all decisions and actions within the firm are governed by knowledge” (Floyd & Wooldridge, 2000, p. 82). It then becomes a management of this knowledge and issue of how this knowledge is leveraged in order to translate it into organizational performance and competitive advantage in the marketplace. De Kluyver and Pearce (2006) believed that the limiting factor for companies is no longer access to physical or financial resources; instead “not having the right people or knowledge has become the limiting factor” (p. 4). The focus is now on human and intellectual capital with regard to operational effectiveness and performance.

“Knowledge is what transforms factors into unique and valuable resources within the firm” (Floyd & Wooldridge, 2000, p. 83). The possessors of this knowledge then are those who hold the key to transforming the strategic direction of the organization into some measurable performance metric. It would seem to follow that any employee of the company who holds knowledge of strategic value would be considered a valuable resource and, thus, becomes an integral part of the strategic formulation and the strategic planning process (Pegels & Yang, 2000). Hatten and Rosenthal (2002) referred to this knowledge as “strategically relevant knowledge” (p. 1), where this knowledge management was directly correlated with organizational performance.

This thinking puts forth the theory that the best strategic decisions would need to be based on the *best* available knowledge or input from the *most* knowledgeable sources. Wooldridge and Floyd (1990) and Floyd and Wooldridge (1992, 1996, 1997, 2000) have researched this use of knowledge creation with regard to the top management team's *use of and influence by* middle and operational managers. However, the literature is felt to be lacking with regard to including *all* the organizational employees who would be relevant to a specific strategic decision; of particular interest to this study is the inclusion of the next level of management, the frontline managers (Pegels & Yang, 2000).

Floyd and Wooldridge (2000) suggested "that strategic change occurs as the outcome of interactions among dozens, hundreds, or even thousands of individuals and groups both within and outside the organization" (p. 51). This is a point of contrast to the original work of Wooldridge and Floyd (1990), where they focused only on the interaction between senior leadership and middle managers. By contrast, Peters (1987) focused on *everyone* within an organization holding a position of expertise to be inclusive of all organizational employees. He believed that this is where "a good strategic planning process gets everyone involved" (Peters, 1987, p. 615) and where "leaders weave dense webs of inclusion at all levels" (Peters, 2005, p. 42).

McGovern (2005) suggested, "In knowledge work, everyone is a manager to one degree or another. Management becomes less about setting and policing rules for workers and more about establishing strategy, setting goals, showing leadership, and measuring results" (p. 1). Strategic decision making becomes a tool of inclusion for which the intent is to harvest the knowledge created within the organization.

A paradigm shift occurred where strategic decision making is being refocused, progressing from the TMT involvement *exclusively* to middle management or operational management involvement, and onward to the most current inclusion of *any* and all involvement of organizational employees based on their knowledge and expertise, which ultimately demonstrates their strategic value. The independent variable of involvement in the strategic decision-making process is no longer confined, restrained, or restricted to only those who were once believed to be the only possessors of knowledge or strategic literacy within their organizations and were felt to be important enough to be included in strategic decision making. The next focus of research then needs to be on this new learning organization paradigm shift, where *anyone* who has knowledge that is unique to the strategic decision-making process should be given voice when strategic decisions are considered and subsequently evaluated and measured.

Anderson (2004) believed that “organizational performance can be ascribed to the simultaneous emphasis on decentralized strategy making and strategic planning processes, [focusing specifically on] distributed decision authority, participation in decisions, and strategic planning processes” (pp. 1,271, 1,284). The key indicates the importance of the relationship, where, “[t]he most important knowledge creating individuals in this model are neither charismatic top managers nor the entrepreneur-like lower managers, but every employee who works in association with middle managers” (Floyd & Wooldridge, 2000, p. 76).

Grant’s (1996) knowledge-based theory of the firm is predicated on the idea that:

Knowledge creation is at an individual level, not an organizational level process; that firms exist largely as institutions for applying the specialized knowledge of individuals. If the primary productive resource of the firm is knowledge and if knowledge resides in individual employee, then it is employees who own the bulk of the firm's resources. (Floyd & Wooldridge, 2000, p. 77)

Consequently, the literature focuses on a more participatory management-style paradigm shift with an employee centric viewpoint within the organizational learning structure. The organization is now forced to look closely at the knowledge of the individual and apply and use that knowledge appropriately within the strategic decision-making process.

Knowledge-Based View of Strategy

An area of strategic management focuses on the importance of organizational knowledge as it relates to organizational performance. This knowledge-based view of strategy "operates under the assumption that knowledge behavior of people accounts for organizational activity" (Floyd & Wooldridge, 2000, p. 79), being firmly grounded in the fundamental business principles of economics and competitive advantage. As a result, "The question of how to create, transfer, and integrate organizational knowledge has preoccupied research to date" (Floyd & Wooldridge, 2000, p. 79). Wooldridge and Floyd's (1990) focus began to take a look at the individual's perspective, with regard to "the middle manager's tenure in the company, position, age, number of years working for the same superior, and perceived power have the potential to influence involvement in strategy" (Floyd & Wooldridge, 1992, p. 162). The conclusion, which was built upon

Wooldridge and Floyd's subsequent work in 1990, was that "links exist between middle management involvement and the content of strategy" (Floyd & Wooldridge, 1992, p. 165). By viewing strategy decision making as a process, the concept of inclusiveness of the various organizational employees as a result of this organizational knowledge repository is important to the result as measured by performance metrics. More involvement by lower-level employees within the organization, specifically middle managers, resulted in better top-level strategic decisions.

Research branched off at this point indicating that the characteristics of these organizational employees, or in this case TMT or middle managers, determined the amount of involvement in the strategic decision-making process. Floyd and Wooldridge (2000) suggested that future research should look at the "contingencies affecting middle managers' involvement in the strategy process" (Floyd & Wooldridge, 1992, p. 166). This is based loosely upon the foundation of the Upper Echelon Theory (Strategic Leadership Theory) and Trait Decision Theory models (Wei, Zhuhui, & Young, 2003; Jensen & Zajac, 2004).

Boal and Hooijberg (2001) built upon the upper echelon theory and its evolution into the strategic leadership theory and its resultant emergent charismatic, transformational, and visionary theories of leadership that "explore behavioral and cognitive complexity as well as social intelligence" (Boal & Hooijberg, 2001, p. 1) as part of the strategic decision-making process. Boal and Hooijberg (2001) suggested that "supervisory theories of leadership (e.g., path-goal, contingency) focus on task- and person-oriented behaviors of leaders as they attempt to provide guidance, support, and feedback to subordinates, strategic

leadership focus[ing] on the creation of meaning and purpose for the organization” (Boal & Hooijberg, 2001, p. 516). Boal and Hooijberg (2001) further suggested, “Strategic leadership focuses on the people who have overall responsibility for the organization and includes not only their titular head of the organization, but also members of what is referred to as the top management team or the dominant coalition” (Boal & Hooijberg, 2001, p. 516). The literature review further looks at the study of these individuals at the apex of organizations and their individual characteristics. Historically and as confirmed by Floyd and Wooldridge (2000), the focus has been on senior leadership, believing its members were the only people within the organization to possess the amount and type of knowledge in order to make strategic decisions because “power is at the top, so it is intuitive that the most power would make the strategic decisions” (p. 18).

As a result, the literature has moved from a top management perspective and the individual traits of those at the top to that of a middle-level management perspective and, most currently, has been redirected to the all inclusive aspect of all organizational employees. Boal and Hooijberg (2001) referred to this as the ability to learn—the absorptive capacity—referring back to the emergent paradigm of the knowledge-learning organization. The direction that Boal and Hooijberg (2001) suggested is “exploring how strategic leaders can increase their absorptive capacity, adaptive capacity, and managerial wisdom of their firms” (p. 518). The focus looks at how the strategy makers learn and incorporate this wisdom of their collective organizational minds in the resultant strategic decision-making processes for their respective organizations.

Strategic Leadership Theory

The premise of the strategic leadership theory suggests that “organizations are reflections of top manager’s cognitions and values” (Boal & Hooijberg, 2001, p. 519).

Hambrick and Mason (1984) suggested:

Specific knowledge, experience, values, and preferences of top managers influence their assessment of the environment and thus the strategic choices they make. The later expansion of the upper echelon theory into Finkelstein and Hambrick’s (1996) strategic leadership theory examines the psychological make up of the top manager, and how this influences processing and strategic decisions making. (Boal & Hooijberg, 2001, p. 523)

For purposes of clarity, the involvement and determination of the influence of other organizational employees upon the TMT were dependant on the characteristics of the top managers themselves.

Newer theorists focused on “charismatic, transformational, and visionary leadership where these theories emphasize the interpersonal processes between leaders and followers” (Boal & Hooijberg, 2001, p. 525). Research shifted focus on who is making these strategic decisions as well as the interactions and contextual dynamics between the TMT and other organizational employees. Research by Boal and Hooijberg (2001) further suggested that these emergent theories focus on the three cornerstones of strategic leadership: “the capacity to learn, the capacity to change, and the managerial wisdom” (Boal & Hooijberg, 2001, p. 529). The emergent research also suggested that the importance of who is at the top is now being more closely observed, and as a result, the

level of his or her involvement is of more importance than the *individual* influence upon the TMT in its strategic decision-making process.

Traditions and senior management collude to create a culture that initiates and sustains these cognitive filtering, lensing, and sieving processes (Pech & Durden, 2004, p. 66). For evaluation and control to be effective, managers must obtain clear, prompt, and unbiased information from the people below them in the hierarchy. The evidence suggests that the withholding or filtering of critical strategic information may be an early warning symptom of a failing corporation. What can be done to minimize the occurrence of such management information inadequacies and distortions in an effort to improve managerial decision processes and organizational longevity? (Pech & Durden, 2004, p. 67)

Pech and Durden (2004) suggested that trust is an important quality in order for the TMT to embrace the input of additional ideas, needing “one party [to have] confidence in an exchange of partner’s reliability and integrity” (p. 67). Pech and Durden (2004) referred to this as the dysfunctionality of organizations because

they appear to foster a dichotomous structure that tolerates different standards for those at the top from the remainder of the people working in the organization. Rickards (1999) pointed out that successful organizations should emphasize the release of creativity from the team, not just the individual at the top. (Pech & Durden, 2004, p. 68)

Senior leadership must go beyond the technical aspects of decision making and understand the benefits of working with the human dimension.

From a knowledge management perspective, the organizational learning experience for these organizations has been fractured, and as a consequence the CEOs and boards will continue to live in splendid isolation from the remainder of the organization and continue to make unwise and strategically unsound decisions. (Pech & Durden, 2004, p. 68)

The fear of needing to hear all news, not just what they want to hear, is quite prevalent in this process and contributes little to the open sharing of information (Pech & Durden, 2004). As a result, the TMT creates a culture of distrust and fear so that unwanted news is either filtered or not wanted from anyone beyond the top managerial decision-making leaders, which ultimately affects the resultant strategic decision and organizational performance.

Strategically Relevant Knowledge

Knowledge is a fundamental need for the strategic decision-making process. The focus then needs to be on how does senior leadership decide which knowledge to include and whose input should be used use when making these decisions. “The evidence from a number of business failures as cited by Pech and Durden (2003) appears to suggest that senior decision makers failed because of their inability to make objective and informed strategic decisions” (Pech & Durden, 2004, p. 69).

It is argued that decision processes can be improved by exposing decision makers to the wealth of knowledge that can be accumulated within their respective organizations. Since knowledge is resident in the collective consciousness of an organization, this requires senior management to join the

collective. In doing so of course, they [senior leaders] run the risk of becoming more knowledgeable and wiser. (Pech & Durden, 2004, p. 69)

Hatten and Rosenthal (2002) proposed a model of organizational learning that is designed to create an environment within which strategically relevant knowledge can be used to improve organizational performance by improving an organization's competitive advantage. "Knowledge management should not be seen as the restricted domain of the chief information officer. Rather, it should be a responsibility of every manager and a catalyst for guiding his or her organization towards competitive success" (Hatten & Rosenthal, 2002, p. 5). They also contend that, "The challenge is the careful identification of individuals who are likely to spark knowledge creation and can thrive in an organizational context" (p. 5), thereby becoming part of the strategic decision-making culture that is intended to be pervasive throughout the organization.

"As with all strategic processes, of course, the ultimate success of this learning process (the resultant cultural orientation) is critically dependant on the role played by corporate management, including its behavior towards operational level managers and other specialists" (Pech & Durden, 2004, p. 70). Pech and Durden (2004) further suggested that corporate management's goal in the strategic decision-making process is first to listen and be supportive to the ideas brought forth by operational level managers and subsequent specialists, where management's role becomes one of a "leader in the change process" (Pech & Durden, 2004, p. 70). "The management and storage of knowledge, which they believe reflects and develops an organizational wisdom, will help an organization become more competitive by using new knowledge to reduce costs,

increase decision velocity, and meet customer needs” (Pech & Durden, 2004, p. 71). This confirms the research of Mintzberg and Waters (1985):

That a significant portion of the strategic data bank of the organization is stored in the minds of its management and controlling officers. It is impractical to expect a decision maker to make a complete mind dump of everything s/he knows when in conversation with the other members of the organization. (Pech & Durden, 2004, p. 71)

The strategic data bank to which Mintzberg et al., (1985) referred includes all organizational employees possessing information that would be of strategic value and that this strategic value goes beyond the TMT, middle management, and operations managers of the organization. This information would come from all employees, inclusive of frontline managers and employees.

This returns to Pech and Durden’s (2004) original premise, where their research has illustrated the dangers of ignoring or rejecting knowledge and has shown how decision making without adequate knowledge has led to decision-making failure. “Everyone and their knowledge and experiences contribute to the larger organizational performance” (Pech & Durden, 2004, p. 73). This collective knowledge repository can include all forms of information, regardless of their source, to include “contrary and opposing information and perspectives that were formerly ignored or rejected but can now receive attention and be included in the final decision process” (Pech & Durden, 2004, p. 73).

Using recent examples of corporate failures, it has been possible to demonstrate the profoundly crippling effect that a fracturing of the structure within which organizations learn—these are complex feedback loops

comprising information which is reorganized into knowledge, that, through interaction transforms into wisdom—can have on the behavior and performance of organizations and their various members. (Pech & Durden, 2004, p. 73)

Shared Decision Making

To include a complete literature review, a view of shared decision making (SDM) is necessary. Much SDM research has been done within the education discipline. According to Lontos (1994), SDM is a “process of making educational decisions in a collaborative manner at the school level” (p. 1). According to Bauer (1992):

First those closest to the children ‘and where the action is’ will make the best decisions about the children’s education. Second, teachers, parents, and school staff should have more say about policies and programs affecting their schools and children. Third, those responsible for carrying out the decisions should have a voice in determining those decisions. (Lontos, 1994, p. 1)

Ultimately, the purpose of SDM is to “improve school effectiveness and student learning by increasing staff commitment and ensuring that schools are more responsive to the needs of their students and [the] community” (Lontos, 1994, p. 1). The purpose of this inclusion is to show yet another discipline where inclusion of frontline managers and employees, in these cases the teachers at the school level, demonstrates the potential of improving the resultant decisions (Lontos, 1994).

Participatory Decision Processes

A similar study outside the realm of education evolves agreeably into Anderson’s (2004) more recent work where “participatory decision processes cause more market

views and organizational perspective to be considered in strategic decisions, which should lead to better decision outcomes” (p. 1,278; Parnell & Crandall, 2003).

Furthermore, if managers closer to the marketplace are able to take new initiatives on their own, the organization can arguable react faster to changing market conditions and possibly make higher quality decisions because they are closer to the relevant information. (Anderson, 2004, p. 1,278)

Anderson confirms this as posited in the author’s hypothesis 1.1.b that states: “There is a positive relationship between participation in decisions and organizational performance” (Anderson, 2004, p. 1,278).

Human Resource Performance Management Adaptation

Successful methodology in the modern world of business is the adaptation of the above theories within the human resource domain of Fortune 1000 companies. The foundational works of Wooldridge and Floyd (1990), Floyd and Wooldridge (1992, 1996, 1997, 2000), and Anderson (2004) have their research confirmed in the business adaptation of their work. The discipline within the human resource process includes involving members of the company in a total performance management system. According to Rutter (2002), Nokia, a telecommunications provider, proposed two processes regarding their decision-making approach, culminating in Investing in People (IIP) program, the cornerstone of their participatory management system where “the system was *for the people* and not something ‘*done to them*’ by managers and senior leaders” (p. 23). In this case, human resources become the facilitator and “the link between the line employees and the management layers, by being able to link Nokia strategy into individual measurable objectives” (Rutter, 2002, p. 23). This provides a

foundational basis for the 360-degree management review assessment tool that began to emerge out of this research, where there is a development plan in place for continuous organizational learning: to give and receive open and honest feedback regarding the individual as he or she is connected to the overall performance of the organization (Pappas, 2005). Nokia used this process to make sure that employee views are taken into consideration when assessing them, from all levels—the individual, his or her peers, and the variety of management layers, as appropriate.

360-Degree Management Review

The 360-degree technique is the most current assessment tool available to an organization that provides a link between corporate and business strategy and the individuals within the organization, regardless of his or her position (Bracken et al., 2001; Peiperl, 2001; Freeman, 2003; Imhoff, 2004; Pappas, 2005). It is precisely this linkage of performance metrics to organizational strategic objectives that is the underlying focus of the present study. Human resource consultants who are experienced in this understanding of the contribution employees make to overall company strategy makes them an invaluable source of information. Ultimately, Nokia is an excellent example of how management values the input of specific organizational objectives included in corporate strategy by clearly quantifying them on the individual level (Rutter, 2002).

The ultimate purpose for using the multi-rater or 360-degree feedback tool is to give senior management an assessment tool which uses the ability to give and receive feedback, highlighting individual characteristics believed to fuel business performance results (Frisch, 2001; Bailey, 2003; Imhoff, 2004). According to Peiperl (2001), “Peer appraisal begins with a simple premise: the people best suited to judge the performance

of others are those who work most closely with them” (p. 143). It is then posited that this exists for the strategic decision-making process as well, where the people best suited to judge the performance of the overall organization are those who must take into consideration the input of those who work most closely within the realm of the strategic decisions being made. This adds credence to the value of the use of human resource consultants within the present study precisely because of their experience using this tool.

In addition to the focus on employee performance, Peters and those from the Deming and Total Quality Management era provide evidence to support this new paradigm shift in focus on the input of the customer as part of this process. Peters (1987) stated:

The customer game is ultimately won or lost on the front lines—where the customer comes in contact with *any* member of the firm. The front-line team *is* the firm in the customers’ eyes. Therefore the front-line team must be treated as the heroes they genuinely are. (p. 213)

If the current trend of management is a market shift on closely listening to one’s customers, then it begs the question of the importance of listening to frontline employees who have direct contact with them. Bond and McCracken (2005) considered this a “key feature of the human resource management (HRM) model, emphas[ing] the strategic integration [of HR functions] with business or corporate strategy” (p. 2).

Bond and McCracken (2005) identified that a historically emergent strategy was at the senior leadership level rather than at the operational or line manager level. Their findings acknowledge this depends on the use and application of the word strategy and at to whom at which level it refers. HRM has been defined as “the linking of the HR function with strategic goals and objectives of the organization in order to improve

business performance” (Bond & McCracken, 2005, p. 2). It seems logical as a point of departure where an organization would then focus on this knowledge creation acquired by those most in a position to affect organizational strategic policy, and it can follow or track this information. It should be of significant interest to those in senior management whose focus is on successful strategic management goals to pay particular attention in order to translate this acquisition of knowledge into business and corporate policy and strategy.

The literature review illustrates the importance of multiple organizational actors in the strategic decision-making process. It provides evidence to support the use and design of such a methodology based on the use of experts, in this case, human resource consultants in the field of performance appraisal as they contribute to organizational performance (Bond & McCracken, 2005).

The basis for the need of human resource consultants is a direct result of the precedent of organizations to rely on internal and external experts to help formulate strategies in order to provide solutions for long-term organizational growth and sustained performance. These experts are included in the strategic management process by providing options in choosing an improvement strategy. According to Chrusciel (2004), “Organizations are looking to their leadership for effective ways to deal with significant change” (p. 2). It is because of the need to effectively address change that an organization desires to sustain its competitive advantage. One improvement strategy to do this is to hire a consultant. “Consultants are usually called in when the organization has the resources and feels that the expertise is not available internally, and/or the outside expert’s viewpoint will be accepted more readily than that of any internal expert” (Chrusciel,

2004, p. 2). The purpose of this choice of an external consultant is based on an organization's quest for learning where, "The use of the consultant not only helped the organization learn the concepts quicker, but also helped the organization benefit sooner from the new strategies" (Chrusciel, 2004, p. 8) positively attributable to organizational performance.

This organizational learning is an aggregate accumulation from both the knowledge worker as previously discussed, as well as the external consultant who incorporates the need to assess exactly what an organization needs to do in order to improve its organizational effectiveness. The human resource consultant who uses the 360-degree management review is an effective organizational tool that can aid the organization in strategic decision making, as it may be the ultimate purpose for which the consultant was hired (Bond & McCracken, 2005).

Since its inception in the early 1990s, 360-degree management review or multi-rater technique has been both praised and criticized (Scott & Einstein, 2001, p. 3). According to Becton (2004):

In recent years, organizations have turned their attention toward gathering performance feedback from sources other than immediate supervisors.

Potential benefits of multi-source feedback include: better performance, more reliable ratings than those from a single supervisor, and improved ratee performance after receiving the feedback. This feedback from multiple sources and perspectives is perhaps the most compelling strength of 360-degree feedback. (Becton, 2004, p. 1)

It is precisely from these strengths that human resource consultants experienced in the use of this assessment tool that the context of this research study derived its expertise data for analysis.

The literature reflects an interest in the 360-degree management review process as an assessment technique that is intended to guide an organization through a feedback process to improve overall organizational performance in order to maximize focus on the level of the individual within the context of the whole. According to Frisch (2001), the use of the 360-degree assessment tool “has become part of mainstream HR processes that focus on performance feedback and management development in many corporations” (p. 7).

When using such a tool, the weakness of the 360-degree feedback must be addressed and monitored. “Both HR professionals and their clients forget that these measures have significant weaknesses and are not the perfect solution to the challenge of getting managers to take more seriously their responsibilities as coaches and mentors” (Frisch, 2001, p. 8). If the weaknesses and the purpose are kept in the forefront, to have this information used as a tool for training *and* development and with the results correctly interpreted and used, a 360-degree assessment tool can be useful and valuable in evaluating the various employees, providing a likely value with a substantive ROI (Frisch, 2001).

One of the purposes of the 360-degree review is to examine all the information surrounding the performance of an individual employee, to be examined both at the individual level as well as how he or she contributes to or detracts from, directly or indirectly, the performance of the organization as a whole. It allows leaders to not only

hear from the loudest and most vocal, but “other times, leaders need to listen to the single, shy voice in the background or even to their own internal doubts” (Offerman, 2004, p. 57). The goal for leaders is to have discussions with employees *at all levels*. The 360-degree assessment tool is designed to prompt these discussions, as everyone and everything is on the table for review.

According to human resource consulting firm William M. Mercer, “40 percent of companies used 360-degree feedback in 1995; by 2000, this figured jumped to 65 percent” (Pfau et al., 2002, p. 1). Further demographic details regarding the nature of the companies surveyed were not available. “Gen Group Consultants conducted a survey among Australia’s largest 100 corporations. Of the 68 companies that participated in the study, 57 percent (39) were using this technique” (Blizczyk & Dimasi, 2003, p. 115). The premise behind 360-degree feedback is logical.

The Watson Wyatt 2001 Human Capital Index Survey was conducted using more than 500 North American companies with average annual sales of \$4.68 billion, \$8.45 billion in market value, and 18,697 employees on average (Watson Wyatt, 2001, p. 2). The results indicate that the way a company manages its human capital can significantly affect its financial performance. “Superior human capital practices are not only correlated with financial returns but they are, in fact, a leading indicator of increased shareholder value” (Watson Wyatt, 2001, p. 2). This appears to generally support the findings of Wooldridge and Floyd’s 1990 research, where the increased use of human capital at the level of the middle manager directly correlated to increased shareholder value of increased organizational performance. According to Pfau’s interpretation, the Watson

Wyatt's 2001 Human Capital Index report revealed limitations to its use, however, where:

Companies using a 360-degree feedback program [had] lower market value. According to the study, companies that use peer review have a market value 4.9 percent lower than similarly situated companies that do [not] use peer review. Likewise, companies that allow employees to evaluate their managers are valued 5.7 percent lower than similar firms that do [not]. Taken together, these practices are associated with a 10.6 percent decline in shareholder value. (Pfau et al., 2002, p. 1)

Despite these drawbacks, when used correctly, the “process still holds the potential to deepen employees’ understanding of their own performance. And, it may be able to help companies create value by better aligning job performance with business strategy” (Pfau et al., 2002, p. 2).

According to Ghorpade (2000), “The performance feedback method known as 360-degree feedback has gained wide popularity in the corporate world to the point of being nearly universal among Fortune 500 companies by 1996” (p. 1). Ghorpade believed that the use of this 360-degree feedback is “fraught with paradoxes” (p. 2). According to Ghorpade (2000), “Many of the 360-degree programs are carried out in the absence of a strategic context and fail to focus on contributions that they can make to a firm’s competitive advantage” (p. 2). Ghorpade suggested that an incorporation of the following five paradoxes—Employee Development Paradox, Multiple Constituents Paradox, Anonymous Ratings Paradox, Structured Feedback Paradox, and Managerial

Involvement Paradox—would help an organization deal with some of the inadequacies of the program (Ghorpade, 2000).

The ability of organizations to use these five paradoxes to overcome the inadequacies of the 360-degree assessment tool is the key to the strength of the tool. It is precisely this strength as to why human resource consultants with the experience of using this tool were chosen as the sampling group for the proposed study. The “360-degree feedback [can be used] to provide senior executives with input on their management styles” (Pfau et al., 2002, p. 3).

As a result of the literature review of the use of this assessment process, the population sample from which the present study drew its data will focus on the experts who use this technique, specifically external human resource consultants. The purpose for this choice is apparent when one considers the significant value behind asking the experts within a particular field, which is the premise behind the use of the Delphi Technique. There is much to be gained from the expertise of this particular sample as the entire purpose of an organization in hiring a human resource consultant is to be able to address specific problems within the organization. As a consequence, these human resource consultants have become experts on the organizations themselves, providing a unique position from which to glean aggregated data on the functionality and dynamics of these organizations (Bond & McCracken, 2005).

According to Walker (2000), “Executives and managers are increasingly looking to HR leaders to help develop creative solutions to people-related business issues that affect the organization’s performance” (p. 1). Human resource consultants are then in a position of strength in order to use their functional and operational knowledge as experts as a

means of contributing understanding to the conducting of day to day business operations of its people.

Since Wooldridge and Floyd (1990) and Floyd and Wooldridge (1992, 1996, 1997, 2000) have proven the significance of the involvement of employees within the strategic decision-making process, specifically the strategic value of senior leadership as well as middle managers, these studies have been significantly replicated by others in the field to include Pech and Durden (2003, 2004); Anderson, (2004); Pappas, Flaherty, and Wooldridge (2003). This research study will base its findings on the acknowledgement that these are indeed the conclusions of experts with more than 30 years study. According to Pappas, Flaherty, and Wooldridge (2003), they extended the knowledge of Mintzberg (1979) where other organizational employees such as middle managers think and act strategically and, therefore, should be included in the decision-making process to include the area of strategic consensus where behaviors gain credence at the middle manager level for strategic opportunities created. As a result, involvement of all organizational levels that contribute to strategic consensus is vital in the strategy-making process. It is precisely this link of all organizational employees to the strategic process that is the focus of this proposed study.

The present study will build upon the foundation initiated by Wooldridge and Floyd (1990) in order to extend their research by using a modified ask-the-experts Delphi Technique in order to drill deeper and extend into the lower levels of the organization. This research used the TMT and middle managers as a baseline to validate this approach and evaluated the lower levels, specifically to include the frontline managers. It is proposed that human resource consultants will be the ultimate vehicle for the focus of the

present study, where the consultants were chosen as the panel of experts from which data was extracted. In a discussion regarding the increase in use of HR consultants as part of organizational performance management strategies, Ramiall (2006) cited an “increasing use of specialized HR practitioners –31 [percent]” (p. 2) in response to the need for organizations to use all of their available resources to succeed and more closely align HR functions with an organization’s strategic objectives (Ramiall, 2006).

The Delphi Technique is widely used, especially in areas where it is impossible, impractical, or expensive to conduct a significant sample of the target population. Many such studies have been done within the medical field in order to develop expert-based guidelines for a variety of purposes. Turner and Weiner (2002) used a “modified Delphi approach to survey an interdisciplinary panel (N = 12)” (p. 241) with expertise in a variety of medical fields. The panel initially was asked for its opinions in order to create a list of competency ideas that were then used to develop curriculum content guidelines for educating medical students.

The Delphi process is a method that has been shown to be an effective way to systemically solicit and collect judgments on a particular topic. This method builds on information and feedback of opinions through a series of sequential steps and questionnaires. (Turner & Weiner, 2002, p. 241)

The Delphi Technique is a widely used technique, especially in international (political scenarios) and futuristic research. The Delphi Technique was developed by the Rand Corporation in the 1960s for forecasting data. Initially, it began with a “broad research question, followed by recruitment of a panel of experts, in areas such as technology and the economy, to gain its opinions about the future development or likelihood of events

within its area of expertise” (Murrow, 2005, p. 40). The data based on the input of the expert panel is then analyzed until consensus is reached, potentially using several rounds of questioning. This process has several advantages which “include shared expert knowledge, which aids converging consensus and validity” (Murrow, 2005, p. 40). The Delphi Technique gained particular acceptance within the medical field in order to develop expert-based guidelines for a variety of purposes (Turner & Weiner, 2002). A modified version of the Delphi Technique also gained acceptance in “creating organizational mission statements more easily, more quickly and more cost effective” (Murrow, 2005, p. 40).

According to Nekolaichuk, Fainsinger, and Lawlor (2005), the “Delphi Technique is designed to obtain expert judgments from knowledgeable people in a specialized area. It is particularly useful when collective subjective judgments are needed, [and] when it is difficult to organize face-to-face meetings due to cost or time constraints” (p. 467). Researchers have developed many variations on this standard approach in terms of the number of rounds that questions may be asked to the panel of experts in order that consensus may be reached in the development of criteria for either medical treatments and behavior or for application in the business realm. Whatever the goal, it is a simple foundational technique used as a method of obtaining expert opinion.

In a similar effort, the purpose of the ask-the-experts’ approach of the present study was to survey human resource consultants to ask their expert opinions as believed to be held by their respective (client) organizations. It is felt that organizations hire these external human resource consultants to problem-solve specific areas within the organization and to report his or her findings to senior leadership with the intent to aid in

strategic formulation and decision making (Sobel, 2003). Consequently, this modified Delphi Technique was used to structure the methodology for the present study in much the same way, where the goal is to ask one expert for an opinion that represents the aggregate or the whole of the organization. It is believed that this technique holds significant advantage to quickly being able to access the organization, providing a cost-effective advantage. It is believed that its validity and accuracy will reflect the whole of the organization (Nekolaichuk, Fainsinger, & Lawlor, 2005). It is believed the results of the present study will also demonstrate the validity of the modified Delphi Technique and its subsequent accuracy having the ability for one external HR consultant to reflect the opinion of the whole of the organization as opposed to having to ask each individual member as is suggested for future proposed study.

Because of the necessity for the use of frontline managers' input within this study, it is felt that larger, more bureaucratically organized and structured organizations will comprise the ultimate focus. As a consequence, the initial human resource consultants will represent as their client base, organizations that employ at least 1,000 or more employees and represent Fortune 1000 firms. For purposes of the present study, the human resource consultants were chosen from independent public websites and their willingness and openness to remain experts at assessing a company's success with the strategic planning process. These human resource consultants were also chosen for their use of the 360-degree management feedback technique, in order that participants would be able to accurately express the aggregate viewpoint of the organizations that they represent as these organizations relate to the strategic decision-making process outlined in this study. It is felt that the conclusions to be drawn exist as a result of the scholarly

significance of the use of the Delphi Technique in academic studies, where there is quantitative (statistical) as well as qualitative value to asking the opinions of experts (Nekolaichuk, Fainsinger, & Lawlor, 2005).

Summary

As a result of the literature review, it can be concluded that what once was a sole function of the executive management (i.e., strategic planning and strategic decision making) has now changed. Emergent studies and subsequent theories suggest that, within strategic management, strategic decision making is a function of executive leadership to be inclusive of all organizational employees who possess strategic value.

Conclusion

Chapter two provided an overview of the existing literature regarding strategic decision making. The first section has shown that, traditionally, strategic planning and strategic decision making, both elements of strategic management, had once been the sole responsibility of top organizational leaders—the executive management. The literature focused on the seminal works of Andrews (1971), Burgelman (1983), Mintzberg and Waters (1985), and Lechner and Muller-Stewens (2000). These existing studies argued that only those at the top possessed the knowledge, culminating wisdom, and experience known as strategic literacy to be able to make these strategic decisions. This strictly top-management perspective became the dominant paradigm and focus for further study. Research has indicated, however, that top organizational leaders encountered several challenges with these sole strategic formulation responsibilities. As a result, new paradigms emerged.

The second section of chapter two introduced studies that focused on the challenges that top management faced with regard to the strategic decision-making process, realizing that the top executive leaders may not have enough information or expertise in order to speak for the entire organization. The foundational studies of Wooldridge and Floyd (1990) and Floyd and Wooldridge (1992, 1996, 1997, 2000) challenged this strictly top management perspective, introducing instead the concept of *inclusiveness* and developing a new model where the strategic value of adding other organizational employees, specifically the middle manager's perspective and inclusiveness in the strategic process, was directly linked to improved organizational performance. The emergent theory focused on this knowledge-based view of strategy, inclusive of other organizational employees depending on the context and scope of the decision to be made. Instead of strategic decisions made as a result of job title and function, strategic decisions are made on the basis of strategic, relevant knowledge, and expertise.

The third section presented an analysis of the existing literature in terms of the proposed research study. The existing literature provides an abundance of information regarding strategic decision making as an element of strategic management as it directly correlates to organizational performance. Existing studies posit that top managers are no longer the only possessors of attributable knowledge in the organization who contribute to performance. Instead, the emerging paradigm looks at the concept of the knowledge worker where, if the expertise of the most knowledgeable human resources within the organization is included, regardless of position or function, there is a positive relationship with a direct link to organizational performance that results in more comprehensive and complete strategic decisions. The literature review has implied that organizational

performance improves with the concept of inclusiveness, SDM, and participatory management styles, where everyone is considered a middle manager and, therefore by definition, everyone is of strategic value to the organization (Peters, 2005). These seminal works include Hambrick and Mason (1964), Dess and Robinson (1984), Nonaka (1988, 1991, 1994), Braccato (1995), Chakravarthy (1986), Finkelsten and Hambrick (1996), Boal and Hooijberg (2001), Anderson (2004), Mair and Rata (2004), and Pech and Durden (2003, 2004). Strategic management not only included the *process* of strategic decision making, but the characteristics of the decision makers (strategic leadership theory, trait theory, and the expertise of position theory) and the dynamics of the organizational culture.

The literature review indicates a gap within this field of study where, to date, there has been no attempt to develop a strategic decision-making model that includes lower levels of organizational employees, specifically those at the very bottom of the organizational pyramid—frontline managers within the strategic decision-making process. Existing studies have indicated a direct link to the inclusion of other employees in the process, specifically middle and operational managers, which improve organizational performance, thereby clearly indicating a need to examine the strategic decision-making process encompassing *all* employees in order to get the best possible decisions resulting in increased organizational performance. This is the point of departure from which the present research study begins. The framework for this proposed research study will be presented in the next chapter.

CHAPTER 3: METHOD

The purpose of this quantitative, correlational, explanatory study is to analyze the involvement of other employees within the strategic decision-making process of senior leadership to examine the relationship between the involvement of these employees below middle management, specifically frontline managers, and organizational performance. The intent of this study was to replicate and extend the 1990 Wooldridge and Floyd study retrieving data by using a modified version of the Delphi Technique, where expert opinions of external human resource consultants were used who represent Fortune 1000 companies throughout the United States.

The intent of chapter three is to present the methods that were used to study the involvement of organizational employees, specifically frontline managers within strategic decision making by the organization's senior leadership. This discussion will address: 1) the research variables and measures used; 2) the questionnaire instrument and data collection; and 3) the appropriate correlational statistical techniques used for analysis.

Variable Definitions

Dependant variables studied included the following measures of organizational performance as used in the Wooldridge and Floyd 1990 study:

1. overall competitive position
2. return on assets
3. efficiency of operations
4. overall financial performance
5. growth rate (sales revenue growth)

Independent variables studied included involvement of the following organizational employees as included in the original 1990 Wooldridge and Floyd Study:

1. top executive (CEO or president)
2. top management team (TMT) or senior leadership
3. middle managers
4. operational managers
5. frontline managers

Future research is encouraged to extend this level of involvement to the rest of the organization to include the final level, frontline employees.

Research Method and Design

A quantitative correlational method was appropriate for the present study because this method is the well-recognized standard that is used to study research problems to explain the relationship among variables and their degree of association (Creswell, 2002). In the present study, the objective was to examine the relationship of middle management involvement to organizational performance and to examine if this relationship can be extended to the next level of the organization. An exploratory research design was appropriate because it uses “a correlational design in which the researcher is interested in the extent to which two variables co-vary” (Creswell, 2002, p. 363). Understanding these relationships could provide valuable insights to leadership practice with regard to strategic decision making and inclusion of multi-levels of employees and is the reason why this particular research method and design was the optimum choice for this research study.

In addition, the results of the present study could support a new method of collecting data, providing a unique approach to studying this problem using a modified ask-the-experts Delphi Technique design. The Delphi Technique is a widely accepted and widely used technique, particularly within the medical community, to gain opinions from experts about a particular subject within their areas of expertise (Murrow, 2005). For purposes of the present study, a modified version was used to analyze the opinions of external human resource consultants, hired by organizations for their specific expertise in the area of human resource management.

In the 1990 Wooldridge and Floyd study, a quantitative survey instrument was used to assess the correlation of the dependant variables of organizational performance, as defined by: ROA, overall organizational competitive position, efficiency of operations, overall financial performance, and overall growth rate with the independent variables of involvement by the top executive (CEO and president), the TMT, and the middle managers (Wooldridge & Floyd, 1990). The questionnaire that was used in the present study was reviewed by Wooldridge and Floyd, and they concurred that this survey instrument appeared to be functionally equivalent for the questions that were repeated from their study. The survey instrument utilized in the present study was used with the additional questions added required for this study. Appendices A, B, and C show a replication of the instrument that was verified by Wooldridge and Floyd, as well as written permission statements from each author to support the validity and reliability of this instrument (Glatthorn & Joyner, 2005).

This recreated instrument was administered to human resource consultants via the United States Postal Service, using the modified Delphi Technique approach. It was

proposed that the present study would validate the results that Wooldridge and Floyd found in 1990, where the use of a middle manager's input within the strategic decision-making process improved overall organizational performance (Wooldridge & Floyd, 1990). The present study was also used to replicate the soundness and validity of the ask-the-experts modified Delphi Technique approach, where research suggests that human resource consultants can accurately assess the involvement of organizational employees within strategic decision making of the Fortune 1000 companies the human resource consultants represent (Bond & McCracken, 2005).

Appropriateness of Design

It is believed that the acceptance and historical use of the Delphi Technique as an acceptable ask-the-experts consensus type of instrument and extending this technique to ask the experts as if they represent the aggregate whole is found to be acceptable due to ease of administration, cost factors, and the reliability of the instrument (Bond & McCracken, 2005).

A 15-question survey instrument was used, based on a 1990 foundational study by Wooldridge and Floyd. The survey instrument used a seven-point Likert-type scale as a basis for the response format ranging from "Fully Involved" to "Not at All Involved". The following guidelines were followed in developing the survey. As in the original 1990 Wooldridge and Floyd survey:

Respondents were asked to rate on a seven-point scale their involvement in five aspects of the strategic process: 1) identifying problems and proposing objectives, 2) generating options, 3) evaluating options, 4) developing details about options, and 5) taking the necessary actions to put changes into places. The mean scores of

respondents in each organization for each of the five scaled items constituted the measures of middle management involvement. (Wooldridge & Floyd, 1990, p. 25)

In addition to the CEO, the present study extended the original questionnaire and asked the human resource consultants to include rating the top management team, middle managers, operational managers, frontline managers, and frontline employees. The purpose of the present study was to validate Wooldridge and Floyd's 1990 findings, as well as to confirm the validity of the Delphi Technique.

The two primary reasons for choosing a self-administered questionnaire were efficiency in data collection for measuring specific variables of interest (multiple organizational employees and specific performance metrics) and anonymity for participants, who were disclosing personal information about the firms they represented (Bovey & Hede, 2001). The survey has two sections: the cover letter with instructions and the survey itself, which included simple demographic questions (see Appendices A and C). The cover letter introduced the survey project to the participants and presented the confidentiality agreement between the researcher and the participant. The demographic questions were used to determine whether the participants were indeed human resource consultants, if they used the 360-degree management review process at the firms they represented throughout the United States, and if they represented a client base that focuses on large, highly bureaucratic organizations within Fortune 1000 firms. The survey presented the participants with questions to determine their opinions regarding the level of involvement various organizational employees have within the strategic decision-making process of the organization. The level of involvement or the amount of employee input was not defined further in the 1990 study. In order to preserve

the intent and integrity of the original study, no further definitions of employee involvement or input were used.

Population

The population sample in the present study were external human resource consultants throughout the United States who use the 360-degree management review process, whose client base focuses on large, highly bureaucratic organizations within Fortune 1000 firms. 25 external human consultants were invited to participate in the study, where it was asked that each of the human resource consultants would choose one or two firms that they represent. Data for 30 companies that these external consultants represented were obtained. Given that this study is based on the 1990 Wooldridge and Floyd, 20-company sample size and that correlational research will be among the statistical tools used, it is imperative to include at least 30 companies in the research, enabling higher levels of reliability, validity, and generalizability (Ramiall, 2006). In a discussion on sample size, Creswell (2005) indicated that “approximately 30 participants for a correlational study that relates variables” (p. 168) would be acceptable as an appropriate sample size.

Since each human resource consultant will be *representing* the actual number of employees within each organization, *theoretically* the population represented will equal the *actual* number of employees at the particular management level. These various population Ns could be represented as N_{CEO} , N_{TMT} , N_{MM} , and N_{FLM} . It is important to distinguish between the true Ns and the experts, N_E , and the number of companies represented by each questionnaire. The focus will be on the number of companies, where a sample size of 30 should provide meaningful results with a high degree of confidence.

For purposes of the survey collection, however, N_E will equal the number of expert human resource consultants; each questionnaire will represent information about a specific company. The total number of questionnaires would therefore be N_{Co} , representing the number of companies being represented. The sample may be $N_{Co} = 30$, but the *actual* data gathered will represent a *proxy of the actual* number of managers at each level in each company.

An early version of the questionnaire attempted to ask the experts to estimate how many managers, say top level managers, would likely fall into each level of involvement (1 through 7) for a total of all managers at that level. This approach allows the researcher to compute an average and a level of dispersion for each question on the questionnaire while gathering a full representation of all managers at each level within each organization. Unfortunately, this level of detail made the questionnaire far too long to expect any HR experts to answer once, let alone twice. Further, it would give the illusion of great detail and precision that would belie the underlying simplicity of encouraging a person—although a very special and well informed person—to make an educated guess as to the involvement of managers within a target company.

Sample size determination and selection of participants contributes to the success of the study in order to select a “sufficient number of participants for the statistical procedures used” (Creswell, 2005, p. 168). For purposes of a correlational study that relates variables, “approximately 30 participants” (p. 168) are felt to be an appropriate size in order to be a good “estimate of the characteristics of the population” (p. 168).

Selection of participants was based on human resource consultants volunteering as well as human resource consultants selecting the two companies for which they would

report data. As a result, the organizations for which information was collected were not in the control of the researcher. Attempts to minimize local cultural biases were also made as organizational participation was from several and varied geographic locations.

Within the medical field, the traditional Delphi Technique has been used in order to have a panel of experts qualitatively establish guidelines that are then subsequently used to quantitatively study the outcomes of these guidelines (Turner & Weiner, 2002). The present study embraced a modified Delphi Technique approach. The modified ask-the-experts technique is predicated upon the use of human resource consultants who represent Fortune 1000 companies. Consultants are hired in order to fulfill a specific need that these corporations cannot complete themselves. Consultant expertise is a widely accepted way of garnering information that is not readily available to senior leadership (Turner & Weiner, 2002).

The present study took the approach that, instead of asking the organizational employees about their level of involvement in strategic decision making as studies have traditionally done, human resource consultants were asked in their stead. The present study asked only the human resource consultants, with the understanding that their opinions are indeed representative of what the employees within these organizations themselves would say if the *entire* organization would be asked, which is a proposed area for future study. There is the potential limitation of bias selection using human resource consultants and the potential that personal idiosyncratic methods may have upon their personally held opinions. This, again, is believed to be beyond the control of the researcher.

Traditionally, organizations have found the opinions of human resource consultants to be of strategic value (Ramiall, 2006). The selection of human resource consultants was chosen specifically for their “mastery of HR knowledge [that] comes from knowing the concepts, language, logic, research and practices of HR [and their ability] to apply that knowledge to specific business settings” (Ramiall, 2006, p. 1). The strategic contributions of human resource consultants account for 43 percent of human resource’s total impact on business performance (Ramiall, 2006). Use of the Delphi Technique within this quantitative methodology surveyed these consultants for their specific expertise.

The use of the Delphi Technique gained particular acceptance within the medical field in order to develop expert-based guidelines for a variety of purposes (Turner & Weiner, 2002). One of the many benefits of the Delphi Technique includes “shared expert knowledge which aids converging consensus and validity” (Murrow, 2005, p. 40). The medical community has relied on the benefits of the Delphi Technique being a well respected and established way of obtaining data based on the opinions of experts (Murrow, 2005). The use of this technique in which to collect data is believed to be of tremendous value because human resource consultants would be in a position to understand the dynamics of the entire organization and to adjust for frame-of-reference biases of the employees. Such a study may be able to accomplish the same goals of inquiry as the original 1990 Wooldridge and Floyd study in order to examine the relationship among the involvement of the next level of management, the use of frontline managers, and the overall organizational performance.

Sampling Frame

Due to the uniqueness of this study where a very specific sample population is required in order to preserve the integrity and exact replication of the Wooldridge and Floyd 1990 study, random sampling was not possible. Instead, a purposeful sampling procedure was used (Creswell, 2002), where external human resource consultants were chosen in order that experts, in this case human resource consultants, could be asked regarding their opinions of the Fortune 1000 clients they represent. These human resource consultants were chosen through independent public websites where personal names were listed. Consultants were not chosen based on any particular organization for which they worked.

The following limitations of this study include: 1) a non-probability sampling of human resource consultants because this population “satisfactorily met the sampling objectives” (Cooper & Schindler, 2001, p. 190); 2) the inability to choose the companies that the human resource consultants will choose; 3) that it was not cost effective or time efficient to survey all members of the organizations that the human resource consultants represent, potentially numbering in the hundreds of thousands, where the total population would not be available for study; and 4) the accessibility of the additional, internal, human resource respondents in order to correlate the accuracy of opinion assessment as being truly reflective of the companies represented (Cooper & Schindler, 2001).

The qualifying criteria for participation was external human resource consultants who use the 360-degree management assessment tool in order to demonstrate their understanding of the ability to assess levels below and above the level of management evaluation.

Review of the literature identified four primary limitations to the use of the *standard* Delphi Technique: “1) the potential to obtain manipulated consensus; 2) a lack of rigor, revolving around statistical analysis and questionnaire psychometrics; 3) the intensity and amount of labor required to carry out the procedure; and 4) the duration of time required to complete the process” (Nekolaichuk et al., 2005, p. 467). The present study did not use the consensus component as part of the standard Delphi Technique. Instead, the present study used a modified version. As a result of these limitations, great care will be taken regarding the ability to generalize these findings. In addition to this study, additional research will be needed to further validate that the opinions of the human resource consultants are, indeed, representative of actual organizational employees.

Using a purposeful non-probability sampling, only human resource consultants were selected because of the desire to study specifically human resource consultants who represent Fortune 1000 organizations within the United States that use the 360-degree management review process.

Informed Consent and Confidentiality

The cover letter for this study introduced the study to the participants and presented the volunteer nature of the study, and it also explained the confidentiality agreement between the researcher and the participants. It clearly stated that the information asked within the survey instrument would not be used in any way to identify the participant or the companies on which their opinions were based. Participant answers are included with other participants in order that their identities remain anonymous. A copy of the cover letter is included in Appendix B.

Geographic Location

In order to minimize local cultural biases, organizational participation was secured from several and varied geographic locations. The human resource consultants chosen were specifically selected throughout the United States, whose client base focuses on large, highly bureaucratic Fortune 1000 organizations.

Data Collection

The data was collected by mailing the re-created survey instrument via the United States Postal Service to a non-probability sample of pre-selected human resource consultants who use the 360-degree management review technique and have agreed to participate in a study of this kind. The first group of surveys were mailed to participating human resource consultants in order to obtain the required $N = 40$ since “the response rate for mailed questionnaires is often cited as 50% or better” (Creswell, 2002, p. 410) where a minimum of 30 is required for an appropriate sample size for this correlational study. These surveys were then returned to the researcher via the United States Postal Service with prepaid, self-addressed, stamped envelopes for data analysis within two weeks of the original date of the cover letter. In an attempt to increase the response rate, participants were pre-notified with an introductory letter or email asking for their permission to participate in the study, questionnaires were mailed, and eight surveys then followed up two weeks later with a second questionnaire to individuals who had not yet responded (Creswell, 2002). The intent was to allow the process of data collection to take between six and eight weeks. The process took eight weeks.

The data received was confidential coded into a Microsoft Excel worksheet ensuring participant confidentiality and anonymity. Each human resource consultant received a

sequential, numeric identifier beginning with the number one and subsequently delimited for both companies the human resource consultant for which he or she will be providing opinions. For example, Participant 1, Company A, and Company B would be entered as 1a and 1b, respectively, with the second human resource participant to be coded as Companies 2a and 2b, and so forth.

Hypotheses

1. H1: There will be a positive relationship between frontline management involvement in the strategic decision-making process and measures of organizational performance.
2. H2: There will be similar correlations found in this study with the use of the modified Delphi Technique and data collected from the 1990 Wooldridge and Floyd study, thus strongly suggesting that human resource consultant experts can provide an accurate assessment of the involvement of organizational employees within the strategic decision-making process.

Instrumentation

A 15-question survey was used based on the 1990 study previously utilized in the foundational study by Wooldridge and Floyd. For the first section, the survey used a seven-point, Likert-type scale as a basis for the following response format ranging from “Fully Involved” to “Not at All Involved”, where the participants were able to assess the level of management involvement in each of the five aspects of strategic decision making as appropriate to the level of the organizational employee. The second set of questions used a seven-point, Likert-type scale as a basis for the participant to assess company performance. The last section of the instrument asked demographic information and some

additional questions that build upon the 1990 Wooldridge and Floyd study (see Appendix A).

Reliability and Validity

No reliability or validity coefficients were reported from the prior use of this 1990 survey instrument. However, within the Wooldridge and Floyd study, “nine, seven-point, Likert-type items [were] used from previously developed instruments” (Porter, Steers, Mowday, & Boudlian, 1974). In addition, Wooldridge and Floyd used qualitative findings of “interviews with both CEOs and middle-level managers” (Wooldridge & Floyd, 1990, p. 248) to confirm quantitative results, revealing a “1) a genuine belief in the need for meaningful middle management involvement, 2) dissatisfaction with their organization’s strategy in how objectives were to be accomplished, [and] 3) the interviews were consistent with correlations between involvement, understanding, and commitment” (Wooldridge & Floyd, 1990, p. 248). As a result of these findings, there is high reliability that the survey instrument consistently measured what the survey intended.

Internal Validity

With regard to the following threats to internal validity, history, maturation, regression, mortality, diffusion of treatments, compensatory equalization, compensatory rivalry, resentful demoralization, testing, and instrumentation were not applicable to this study (Creswell, 2002). The reason these threats were not applicable is there was: 1) no lapse in historical time within the present study; 2) no individual development or maturation; 3) no effects with regard to regression or instrumentation change with no pre or post tests; 4) no participants expired or dropped out during the study; 5) there were no

control or experimental groups that would effect diffusion of treatments or resentful demoralization; 6) no compensation was provided; 7) no control group was used for testing; and 8) there was no ability for participants to become familiar with outcome measures with only one iteration of the survey instrument. It is possible that due to the non-probability sampling (i.e., specific use of human resource consultants) interaction of selection may be a threat to internal validity simply because random selection was not possible due to the unique requirements of this study.

The biggest area of concern for internal validity is that the HR consultants, the experts, can in fact be used as a proxy for a survey of the actual employees within organizations. To help isolate the validity of this assumption in this case, key questions from the 1990 Floyd and Wooldridge benchmark study were asked of the experts. Similar findings would help to alleviate concerns about the experts' ability to accurately represent the opinions of employees.

If, however, the results of the present study do not match with the benchmark 1990 study, the underlying data might suggest possible causes. The major threat to internal validity could be conscious or unconscious biases that might occur related to the HR consultants' estimations of the employees' answers.

A question of why the present study is not a match with the 1990 benchmark study could lead in many directions. Essentially, the previous study could be considered a pre-test and the current study a posttest. The passage of time, the changing composition of labor, and many other factors might be contributing factors to different results today from 17 years ago (Creswell, 2002). The current study is not designed to address these issues; a very controlled study would be required to attempt to isolate the many possible causes.

Construct Validity

In a discussion on quantitative research with regard to validity, Creswell (2003) wrote that the hope of a study's research is to draw "meaningful and justifiable inferences about a sample or population" (Creswell, 2002, p. 183). "Construct validity is a determination of the significance, meaning, purpose, and use of scores from an instrument" (Creswell, 2002, p. 184). Wooldridge and Floyd (1990) attempted to test the construct validity of their instrument based on the concepts of strategic involvement, understanding, and performance:

As a check that these measures [of involvement] were not process-biased, CEO descriptions of each organization's strategic process were reviewed independently by [Dr. Wooldridge] and a graduate student. Wide agreement existed between the two sets of ratings. Analysis of variance showed no significance differences between process types on any of the involvement measures. (Wooldridge & Floyd, 1990, p. 235)

In addition to the above measures of involvement:

Comparable objective performance data was not available for all firms. As an alternative, subjective measures of organizational performance were obtained from company CEOs. CEOs were asked to rate on a seven-point scale their organization's recent performance in the following areas: overall competitive position, return on assets, efficiency of operations, overall financial performance, and growth rate. To check the validity of the subjective measures a comparison with objective data was desirable. Objective return-on-assets figures were available from published secondary sources for the 11 banks in the sample. Since published financial figures often reflect

differences in accounting procedures, and the subjective measures include non-financial aspects of performance, less than perfect correlations were expected. The correlations between published ROA and subjectively reported ROA ($r = 0.46$) and overall financial performance ($r = 0.60$) were significant ($p < 0.05$). Since these are subjective measures most expected to correlate with objective ROA, this outcome enhances the validity of the measures used. (Wooldridge & Floyd, 1990, p. 236)

External Validity

With regard to threats to external validity, the interaction of selection and treatment, interaction of setting and treatment and interaction of history and treatment were not applicable in this study (Creswell, 2002). Instead, it is important to consider the sample size that requires caution in the interpretation or the ability to generalize results. Further research has been suggested in order to include the ideal conditions for this research which is the ability to ask all employees within an organization in order to validate the use of the modified Delphi Technique and the results of this study. It is also important to note that correlations do not necessarily reflect or imply causation. The principal objective of this study is to look at the correlation of relationships only, not causation.

Data Analysis

Correlational research refers to the ability to discover relationships between variables. “Investigators use a correlation statistical technique to describe and measure the degree of association [or relationship] between two or more variables” (Creswell, 2002, p. 361). Through the use of correlational analysis, the Pearson correlation coefficient r was used to correlate the independent variable of involvement of various levels of organizational employees with dependant variables of performance metrics as used in the 1990

Wooldridge and Floyd survey. The Pearson r correlation coefficient is “used to determine the magnitude of association between two variables and to detect the direction of a relationship. It can also establish construct validity. The statistic is used to test theories when researchers collect data to confirm or disconfirm hypothesis” (Creswell, 2002, p. 371). These statistical methods are appropriate because Pearson’s r was the same correlational statistic used by Wooldridge and Floyd in their 1990 study (Wooldridge & Floyd, 1990).

Summary

Chapter 3 described the quantitative method chosen for the present study. The correlational study was designed to analyze the involvement of other employees within the strategic decision-making process of senior leadership to examine the relationship between the involvement of various levels of management and organizational performance. The purpose of this study is to replicate and extend the 1990 Wooldridge and Floyd study that began the important empirical study of the inclusion of other organizational employees within strategic decision making and being able to statistically correlate that the use of middle-manager input within strategic decision-making improved organizational performance (Wooldridge & Floyd, 1990). The design of the present study extended their research to include the next level of management, the frontline manager.

This quantitative correlational explanatory study was intended to provide data to explain the relationship among these variables and their degree of association (Creswell, 2002). In addition, the results of this study could support a new method of collecting data, providing a unique approach to studying the problem using a modified ask-the-experts Delphi Technique. This modified version will be used to analyze the opinions of human

resource consultants hired by organizations for their specific expertise in the area of human resource management. These human resource consultants are expected to be able to accurately assess the involvement of organizational employees within strategic decision making of the Fortune 1000 companies the human resource consultants represent.

Chapter 4 presents the analysis of the data gathered from the questionnaire. The data collection and the data analysis process are described in more detail in Chapter 4.

CHAPTER 4: PRESENTATION AND ANALYSIS OF DATA RESULTS

Chapter 4 presents the research findings from the present study. The purpose and intent for this quantitative, correlational, explanatory study was to verify and extend the foundational work of Wooldridge and Floyd (1990), collecting data by using a new, modified, ask-the-experts Delphi Technique, where expert opinions of external human resource consultants were used to examine the involvement of organizational employees. The present study focuses on all levels of management, particularly frontline managers, and the effects that their inclusions may have upon the strategic decision-making process as it relates to organizational performance.

The intent of the present study was to determine if involvement of lower-level organizational employees could be correlated to organizational performance. The independent variables were coded by the following six organizational levels: (6) CEO, (5) TMT, (4) MM, (3) OM, (2) FLM, and (1) FLE, and then compared, using statistical correlations to the dependant variable (s). Data is presented from $N = 30$ survey instruments received from 17 participants who are external human resource consultants. Data analysis includes individual data points for each of the five levels of management for five independent variables and five dependant variables, for which the questions in the survey instrument derived information for a final determinant of data points of $N = 150$. Data was analyzed using SPSS 14.0 software and using Pearson's r , Kendal's τ , and multiple regression statistical techniques. Organization of this chapter includes: 1) an introduction; 2) review of data collection procedures; 3) the survey and response rate; 4) data coding and analysis; 5) discussion of demographics; 6) presentation of data findings;

7) survey results; 8) drawing conclusions and presenting noteworthy data; and 9) summary.

Review of Data Collection Procedures

A quantitative, correlational method was appropriate for the present study as it is a well recognized standard that is used in the study of research problems seeking to identify relationships between variables and their degree of association (Creswell, 2002). In the present study, the objective was to examine the relationship between middle management involvement and organizational performance and to determine if this relationship could be extended to the next lower level in the management hierarchy of the organization, the frontline manager. Understanding of these relationships was sought to determine if valuable insights could be gained for leadership practice with regard to strategic decision-making and inclusion of multi-levels of employees.

In addition, the results of the present study were examined to determine if they could support a new method of collecting data; thereby providing a unique approach to studying multiple layers of organizational employee involvement by using a modified ask-the-experts Delphi Technique design. The Delphi Technique is a widely accepted and used technique, particularly within the medical community, to gain opinions from experts about a particular subject within their areas of expertise (Murrow, 2005). For purposes of the present study, a modified version was used to analyze the opinions of external human resource consultants, hired by organizations for their specific expertise in the area of human resource consulting.

The Survey and Response Rate

The survey package contained the cover letter with instructions and the survey instrument, which included seven simple demographic questions (see Appendices A and C). The cover letter introduced the survey project to the participants and presented the confidentiality agreement between the researcher and the participant. The first section of the survey included seven demographic questions that were used to ascertain the participant's job titles, to assure that the participants were human resource consultants, and whether they used the 360-degree management review process. Additionally, questions were asked to determine the approximate sales, number of employees, and the primary industry of the target company, as well as the accuracy of participants to represent the opinions of the companies that the HR consultants represented.

The second section of the survey presented the participants with questions to determine their opinions regarding the level of involvement various organizational employees have within the strategic decision-making process of the organization. The last section of the survey included five aspects of company performance that each participant was asked to rate for his or her target company. The participants were then asked to insert the completed questionnaires with their signed consent forms into the self-addressed prepaid envelopes and return them to the researcher via the U.S. mail. Each participant completed one or two surveys based on his or her personal selection of companies that met the survey criteria.

Within two weeks of the initial surveys being sent, follow-up telephone calls and emails were conducted to encourage the return of all outstanding surveys. Responses to surveys were tracked so that follow-up could be completed with non-respondents.

Overall, 25 packets of information were sent. Seventeen packets of information were returned for a 68% response rate. Within the 17 completed packets, there were 30 returned surveys with either fully or partially usable data. Not every consultant returned two surveys as requested.

Data Coding and Analysis

The following steps were completed in the data analysis. A Microsoft Excel spreadsheet was created to input all data points from the survey. Initial data was managed within these tables, to include tracking participant contact information, survey coding procedures, dates of returned surveys, and follow-up details. To assure anonymity and confidentiality, each participant was given a sequential, numeric identifier beginning with the number one and subsequently delimited for both companies for which the participant provided opinions. For example, Participant 1: Company A, and Company B, were entered as 1a and 1b respectively, with the second participant coded as 2a and 2b, and so forth. The individual data was then entered, sorted, and imported into SPSS 14.0 software for analysis.

The SPSS 14.0 software was used to analyze the survey data in order to discover relationships between variables and their potential significance. Missing information was coded as missing and removed automatically from statistical analysis. Based on the completed questionnaires, it appears that there was some confusion regarding the scoring matrix for sections two and three with regard to the scale of 1 to 7, where 1 represented *not involved* and 7 represented *not at all involved*. Some participants only included those levels for which they could answer 7, leaving all other data point options blank, which were automatically coded as missing and removed. Several participants did not realize

that the same Likert-type scale applied to both section two (independent variables) and section three (dependant variables), where no answers or N/As were recorded with handwritten notes attesting to their confusion. These data points were subsequently coded as missing and also removed.

Using SPSS, several reports were produced on the data used in the present study, including Pearson's product correlation coefficient, i.e. Pearson's r , Kendal's τ , and multiple regression analysis.

Demographics

Demographics in the present study provided valuable information about participants who completed the survey instruments, as well as the target companies represented. The demographic data is described and presented in the following graphic format. The findings include the following components: 1) job title; 2) type of consultant; 3) approximate sales of target company; 4) size of target company in terms of number of employees; 5) primary industry of target company; 6) the accuracy level of HR consultant for representing target company employee opinions; and 7) participation in the 360-degree management review process.

The first demographic section allowed a write-in option for job title (see Figure 3). The participant job titles are listed below, with the largest positions being President (29%), and Consultant (20%). Additionally, other job titles were Principal (10%), National Director (7%), Director (7%), Assistance Vice President (7%), Technical Recruiter (7%), and Regional Practice Leader (3%). Ten percent of participants declined to list a job title.

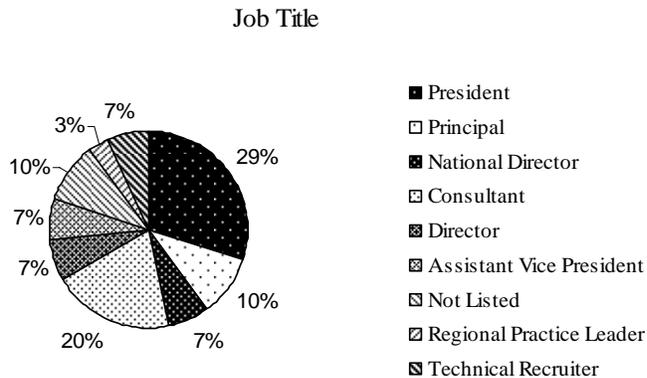


Figure 3. Participants by Job Title.

Participants identified themselves as the following types of consultants (see Figure 4); the largest being simply Human Resource Management Consultants (36%). Human Resource Consultants have a broad range of sub-specialties for participants that included management (20%), mentoring (7%), compensation (7%), organizational effectiveness (7%), human capital (7%), organizational review (3%), training and recruiting (10%), and leadership development (3%), respectively.

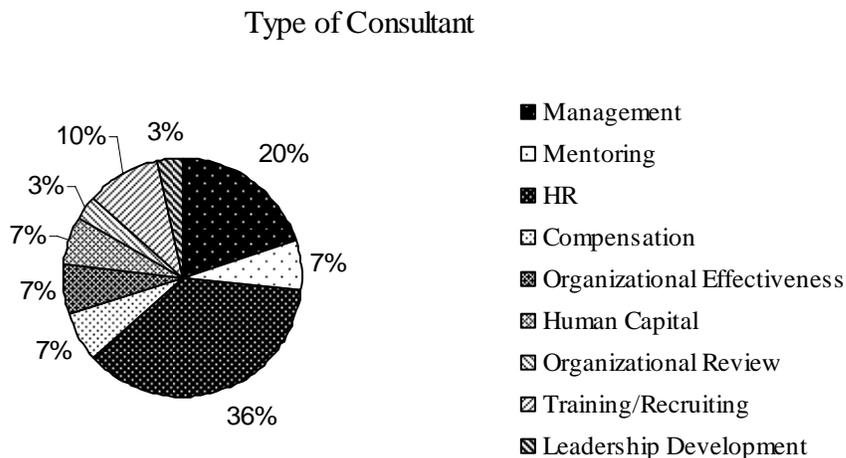


Figure 4. Type of Consultant Responding.

The approximate sales of the Fortune 1000 companies for which the HR consultants provided data were listed on the survey instrument using the million designate (see Figure 5). The number of target company sales ranged from \$1.68 million to \$15 billion.

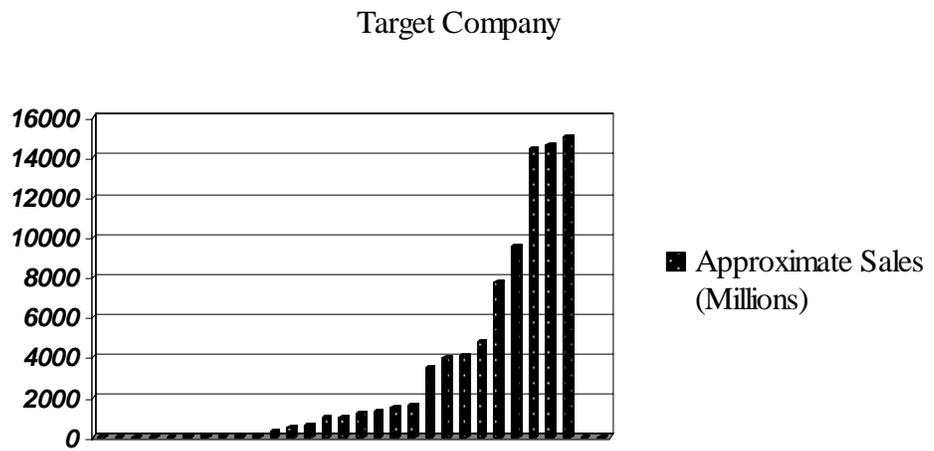


Figure 5. Approximate Sales of Target Company.

The size of the target company was listed on the survey instrument in terms of number of employees, with the thousand designate (k) (see Figure 6). The number of employees for the target companies ranged from 150k to 382k.

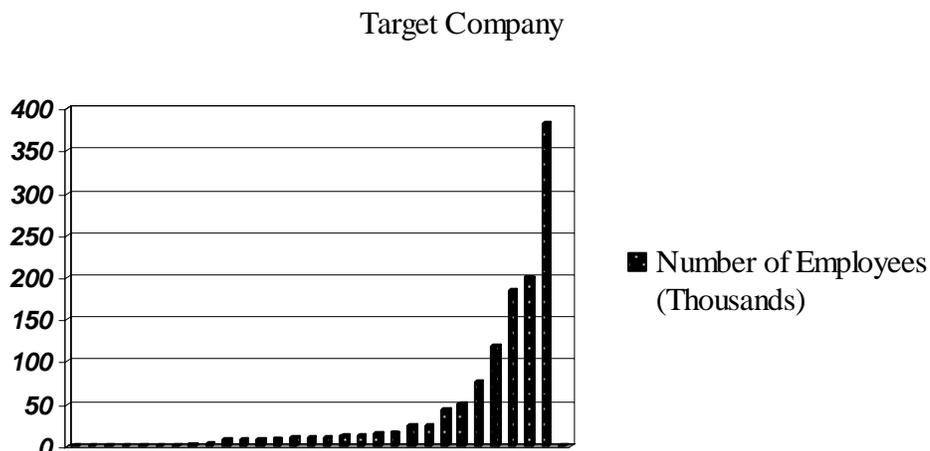


Figure 6. Size of Target Company.

The largest primary industry for the target companies reported was 14% for health care and science and technology (see Figure 7). Retail was represented at 13%, with automotive at 10%. Finance, human services, internet, and companies not listed were at 7%. Cruise lines, computers, distribution, agriculture, recreation vehicle, and home improvement industries were represented at 3%, respectively.

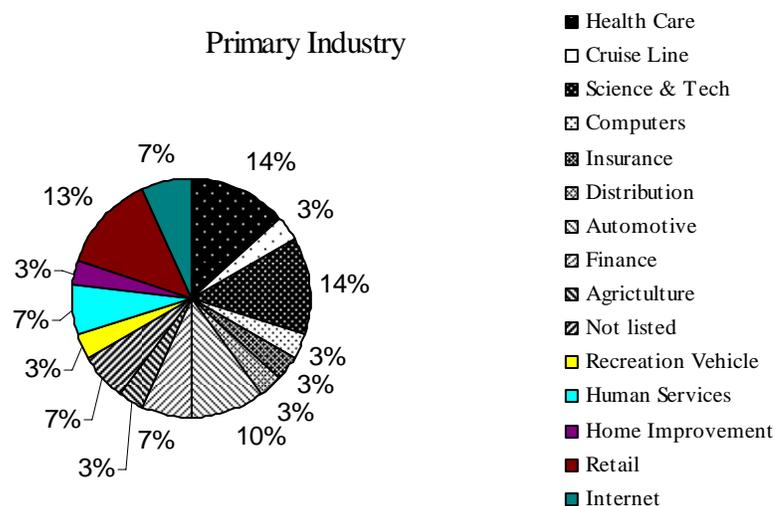


Figure 7. Primary Industry of Target Company.

The 1990 Wooldridge and Floyd study used 20 organizations that included 11 banks with 92 participants and assets ranging from \$111k to \$350k and nine manufacturing firms with 65 participants and sales ranging from \$5k to \$45k. In the present study, there were 17 external human resource consultants who represented 30 organizations, with 14 different industries as noted in Figure 7 with sales of the target companies ranging from \$1.68 million to \$15 billion.

The vast majority of participants (see Figure 8), 64%, believed that their opinions as external Human Resource consultants represented an 80% accuracy level or above for the opinions of the target company for which participants provided answers. There was a category for which no answer was given (N/A), indicating a response rate of 3%.

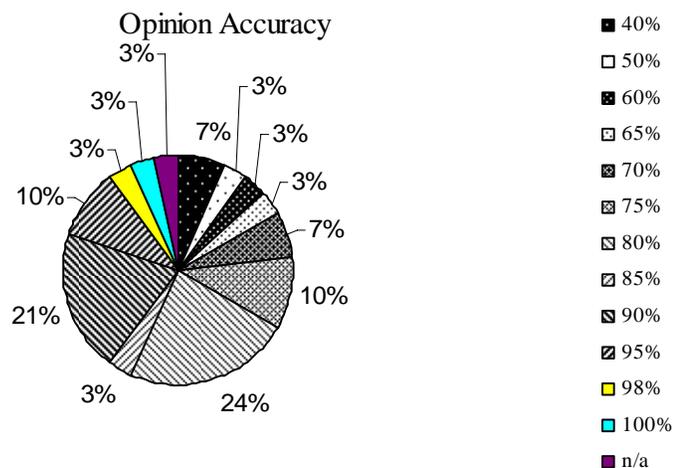


Figure 8. Opinion Accuracy.

The vast majority of participants (see Figure 9), 57%, represented clients who used the 360-degree management review technique. There was a 13% response level where N/A was indicated.

Target Company Use of 360 Management Review

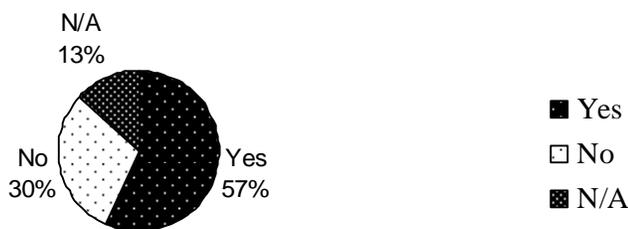


Figure 9. Target Company Use of 360-Degree Management Review.

Presentation of Data Findings

The analysis of data began with the calculation of Pearson's r because of its use in the Floyd and Wooldridge 1990 study. The use of Pearson's r statistic may not have been the best choice. Despite Pearson's r being a parametric test to determine "the tendency or pattern for two (or more) variables or two sets of data to vary consistently" (Creswell, 2002, p. 370), the data used in the present study is *nonparametric*, ordinal data, where "ordinal data are those which the assigned numbers reflect a particular order or sequence" (Leedy & Ormrod, 1985, p. 261). Despite the data in the present study being ordinal, often it is common practice for researchers to use Pearson's r , acknowledging the limitations (Creswell, 2002).

In additions to the use of Pearson's r , the following nonparametric correlations were conducted for additional accuracy. Leedy and Ormrod (1985) indicated that "the purpose for use of Kendal's τ is two fold. It is a nonparametric test where both variables involve ordinal data; and the statistic is especially useful for small sample sizes" (p. 272). The use of Kendal's τ provides additional hypothesis testing and confirms accuracy of results.

Survey Results

The correlation coefficients are displayed in the following correlation matrices (Creswell, 2002). For the 1990 Wooldridge and Floyd study, the matrix is reprinted with permission of the authors from their *Table 2: Correlations Among the Involvement of Performance Measures* as listed in their 1990 study (see Table 1). The five independent variables are listed across the chart as column headings, while the five dependant variables are listed in the first column as row headings.

Table 1

1990 Floyd And Wooldridge Study: Correlations Among the Involvement of Performance Measures; Management Levels: CEO, TMT, MM, and, OM.

	Proposing Objectives	Generating Options	Evaluating Options	Developing Details	Necessary Actions
Competitive Position	0.15	0.32**	0.31*	0.26	0.28
Profitability (ROA)	0.31*	0.44**	0.38**	0.34*	0.29
Efficiency of Operations	0.28	0.34*	0.24	0.20	0.25
Overall Financial Position	0.20	0.36*	0.32*	0.27	0.27
Growth Rate	0.17	0.37**	0.28	0.28	0.09

Note: * $p < 0.1$; ** $p < 0.05$.

Reprinted with authors' permission (Wooldridge & Floyd, 1990, p. 236).

The results of the present study are listed in the following tables. Table 2 presents the data using Pearson's r for the data that includes the five management levels (CEO, TMT, MM, OM, and FLM), while Table 3 presents the full extension of the present study for all six levels of organizational employees to include frontline employees. While the results represent $N = 30$ as the number of

survey instruments received from the 17 study participants, the number of *individual data points* represents $N = 150$ for each organizational level of employee with five independent variables and five dependant variables.

In order to compare results of the present study *directly* with that of Wooldridge and Floyd from 1990, Pearson's r and Kendal's τ were used with regard to *only* the levels they used, to include: CEO, TMT, MM, and OM. No relationships of any significance were found.

Table 2

2006 Lentz Study: Correlations among the Involvement of Performance Measures

Pearson's r: Management Levels: CEO, TMT, MM, OM, and FLM.

	Proposing Objectives	Generating Options	Evaluating Options	Developing Details	Necessary Actions
Competitive Position	-0.103	-0.098	-0.027	0.122	0.024
Profitability (ROA)	-0.053	-0.04	-0.016	0.037	0.124
Efficiency of Operations	-0.059	-0.109	-0.048	-0.013	0.009
Overall Financial Position	-0.06	-0.083	-0.09	0.036	0.082
Growth Rate	-0.061	-0.013	0.062	0.089	0.093

Table 3

2006 Lentz Study: Correlations among the Involvement of Performance Measures

Pearson's r: All organizational employees: CEO, TMT, MM, OM, FLM, and

FLE.

	Proposing Objectives	Generating Options	Evaluating Options	Developing Details	Necessary Actions
Competitive Position	-0.071	-0.076	-0.004	-0.103	-0.019
Profitability (ROA)	-0.010	-0.013	0.026	0.017	0.093
Efficiency of Operations	-0.063	-0.086	-0.031	0.001	0.000
Overall Financial Position	-0.024	-0.059	-0.051	0.014	0.057
Growth Rate	-0.013	0.015	0.092	0.105	0.088

As demonstrated in the correlation matrices, (see Table 2 and Table 3), Pearson's r failed to demonstrate any level of significance for the relationships between the independent variables of management involvement (Identifying problems and Proposing Objectives, Generating Options, Evaluating Options, Developing Details about options, and Taking the necessary actions to put changes in place) with the dependant variables of organizational performance (Overall Competitive Position, Profitability [ROA], Efficiency of Operations, Overall Financial Performance and Growth rate). This lack of significance is consistent, whether the statistics included only the five levels of management (CEO, TMT, MM, OM, and FLM) (see Table 2) or all six levels of organizational employees (see Table 3).

Consequently, there is no support for the first hypothesis of the present study.

1. H1: There will be a positive relationship between *front-line management* involvement in the strategic decision-making process and measures of organizational performance.

Table 4 presents the data using Kendal's τ for the data that extends to include the five management levels, while Table 5 presents the full extension of the present study for all six levels of organizational employees.

Table 4

2006 Lentz Study: Correlations among the Involvement of Performance Measures
Kendal's τ : Management Levels: CEO, TMT, MM, OM, and FLM.

	Proposing Objectives	Generating Options	Evaluating Options	Developing Details	Necessary Actions
Competitive Position	-0.060	-0.09	-0.01	0.096	0.021
Profitability (ROA)	-0.022	-0.066	-0.031	0.006	0.057
Efficiency of Operations	0.001	-0.061	-0.015	0.001	0.018
Overall Financial Position	-0.017	-0.063	-0.041	0.045	0.088
Growth Rate	-0.033	-0.015	0.044	0.079	0.077

Table 5

2006 Lentz Study: Correlations among the Involvement of Performance Measures
Kendal's τ : All organizational employees; CEO, TMT, MM, OM, FLM, and FLE.

	Proposing Objectives	Generating Options	Evaluating Options	Developing Details	Necessary Actions
Competitive Position	-0.037	-0.066	0.004	0.075	0.008
Profitability (ROA)	0.001	-0.036	0.003	-0.005	0.047
Efficiency of Operations	-0.016	-0.043	-0.009	0.009	0.026

Overall Financial Position	0.003	-0.038	-0.015	0.024	0.074
Growth Rate	0.000	0.012	0.064	0.083	0.079

As shown in the correlation matrices (see Table 4 and Table 5), Kendall's τ failed to demonstrate any level of significance for the relationships between the independent variables of management involvement with the dependant variables of organizational performance. This lack of significance is applicable whether the statistics included the five management levels, (see Table 4), or included all six levels of employees within the organization (see Table 5).

Consequently, there is again no support for the first hypothesis of the present study.

1. H1: There will be a positive relationship between *frontline management* involvement in the strategic decision-making process and measures of organizational performance.

Scatter graphs were created from both sets of data to include an additional visual representation of the data displaying the five levels of management (see Figure 10) and all six levels of organizational employees (see Figure 11). In this case, index variables were created. The Independent Variable Index combined all independent variables together, and the Dependant Variable Index combined all the dependant variables together. The data showed no trends or patterns to demonstrate any significant relationships, visually supporting the conclusions drawn from Pearson's r and Kendall's τ statistics as presented in previously listed tables.

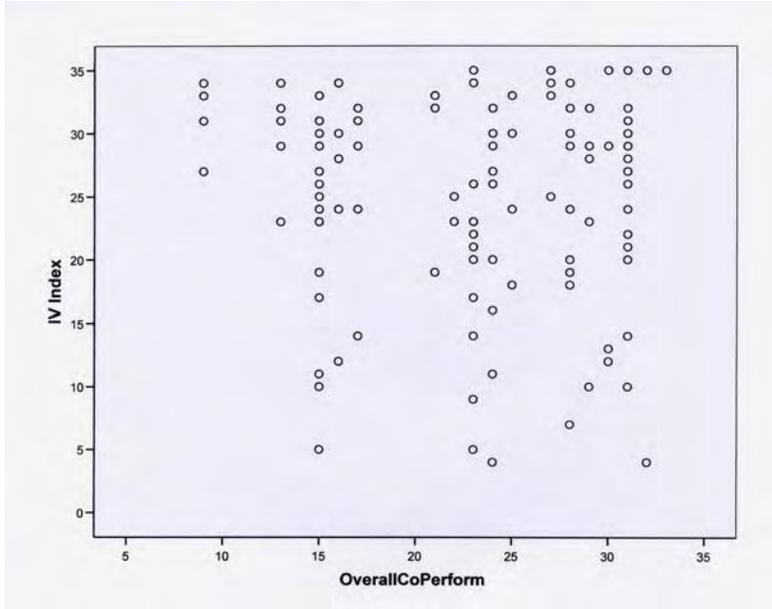


Figure 10. Scatter Graph: Management Levels: CEO, TMT, MM, OM, and FLM.

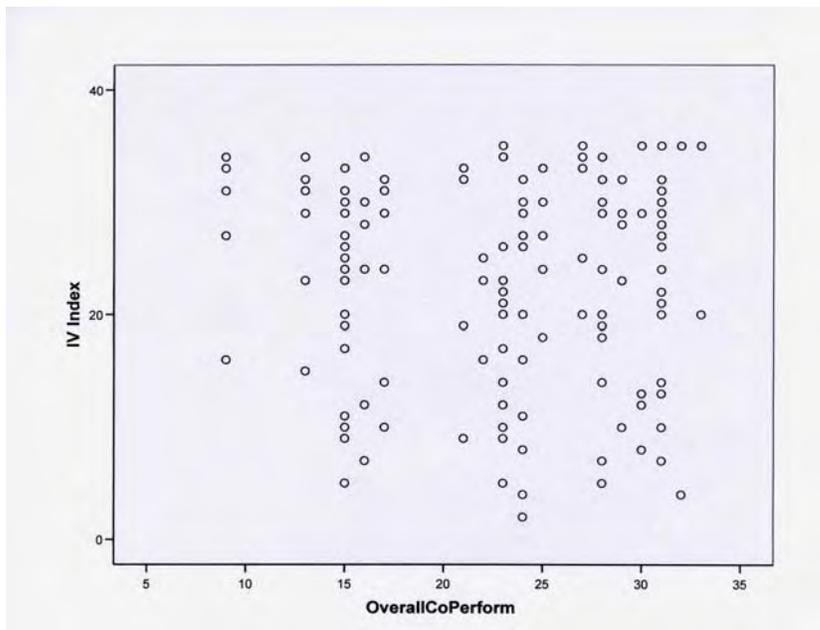


Figure 11. Scatter Graph: All Levels of Organizational Employees.

Once again, the above scatter graphs graphically demonstrate that no relationship exists between the listed independent variables (y axis) and the dependant variables (x axis), as there is no linear pattern or one-to-one

relationship and there is no line that is demonstrated. “A line pattern with no slope illustrates no relationship, even if all of the data points fall in a straight line” (Wilson, 2005, p. 203).

For additional statistical accuracy, multiple regression analysis was also conducted, where “multiple independent variables may combine to correlate with a dependant variable” (Creswell, 2002, p. 376). The present study compared each of the five levels of management (independent variables) with the combined dependant variable of overall company performance. Once again, the data failed to demonstrate any significant relationships.

Drawing Conclusions and Presenting Noteworthy Data

As a result of the use of Pearson’s r , Kendal’s τ , and multiple regression analysis, there was no support for either hypothesis as postulated in the present study.

1. H1: There will be a positive relationship between *frontline management* involvement in the strategic decision-making process and measures of organizational performance.
2. H2: There will be similar correlations found in this study with the use of the modified Delphi Technique and data collected from the 1990 Wooldridge and Floyd study, thus strongly suggesting that human resource consultant experts can provide an accurate assessment of the involvement of organizational employees within the strategic decision-making process.

In both instances due to lack of significance of results, there were no relationships between any independent variables and dependant variables found, to include the index of both variables, which included all levels of employee involvement and overall

company performance. Consequently there was no support for either of the hypotheses presented in the present study for consideration.

Summary

Chapter 4 presented data from $N = 30$ survey instruments from 17 participants, who represented Fortune 1000 companies throughout the United States. The data also included individual data points for each level of management (five levels) for five independent variables and five dependant variables, for which the questions in the survey instrument derived information for a final determinant of $N = 150$. This quantitative, correlational, explanatory methodology enabled the examination of the validation of the 1990 Wooldridge and Floyd study, as well as the inclusion of the use of the modified Delphi Technique. Data was analyzed using Pearson's r , Kendal's τ , and multiple regression analysis.

Seven demographic representations included a discussion regarding participants and their job title, type of consultant, approximate sales of the target company, the number of employees for the target company, the industry of the target company, how accurately the participant is able to access the opinions of the company for which data was provided and whether the target company used the 360-degree management review process.

The independent variables were the five aspects of the strategic process: 1) identifying problems and proposing objectives, 2) generating options, 3) evaluating options, 4) developing details about options, and 5) taking the necessary actions to put changes in place as reported by six levels of employees, CEO, TMT, MM, OM, FLM, and FLE, against the dependant variables of 1) overall competitive position, 2) profitability (ROA), 3) efficiency of operations, 4) overall financial performance, and 5)

growth rate. As the results from the various correlation matrices suggested within Chapter 4, there were no significant relationships found, directly supporting neither hypothesis postulated in the present study.

Chapter 5 interprets the data results presented in Chapter 4. Conclusions drawn from the data, the significance to the 1990 Wooldridge and Floyd study, as well as to the concept of leadership and what the implications of the present study might offer to leadership are presented. Recommendations for future research are also discussed in Chapter 5.

CHAPTER 5: CONCLUSIONS, IMPLICATIONS, AND RECOMMENDATIONS

Chapter 5 begins with an overview of the present study and a discussion of the research results. The purpose of the discussion of Chapter 5 is to present insights, identify and interpret the significance of the research results, and make recommendations for future research. The following major sections organize Chapter 5: 1) overview of research and results; 2) review and discussion of limitations to the study; 3) significance and implications of the results to leadership; 4) conclusions; 5) recommendations; and 6) summary. After a summary of the contributions made by the present study, the chapter concludes with a discussion of proposed direction for further research potentialities.

Overview of Research

The present study builds upon the importance of the previous work of Wooldridge and Floyd, specifically their 1990 study that explored the relationships between the involvement of middle management in the strategic decision-making process and a positive correlation to organizational performance. Wooldridge and Floyd spent 30 years of research examining the effects of their concept of inclusiveness (Floyd & Wooldridge, 1992, 1996, 1997, 2000), believing that the domain of strategic decision-making widened beyond the scope of senior leadership where other organizational employees also possessed strategic literacy (Torset, 2002). The primary intent of the present study was to replicate their work and extend it to include the next level of management. In addition, a new method of retrieving the data was explored, introducing a new modified ask-the-expert Delphi Technique, where the present study sought to determine if the opinions of expert HR consultants could be used to represent the opinions of the employees of the companies that these HR consultants represented.

The Wooldridge and Floyd (1990) study was important to the field of strategic leadership as they were the first to propose that the involvement of other organizational employees below senior leadership could have a positive effect on organizational performance if included in the strategic decision-making process. Historically, the traditional view of strategic decision making had been entrusted solely to the organization's top management team (Hatten & Rosenthal, 2002; Pappas, Flaherty, & Wooldridge, 2003; Pappas, Flaherty, & Wooldridge, 2004; Watson & Wooldridge, 2005). Wooldridge and Floyd (1990) put forth the concept of inclusiveness, where all knowledge was of strategic value to the strategic decision-making process of an organization's senior leadership.

The 1990 Wooldridge and Floyd study presented an opportunity for a more comprehensive study to confirm their initial results with a different population, the ability to extend their work to include the final layer of the management level equation, and to propose a modified approach for retrieving the data. Consequently, these were the three primary goals for which the present study was designed and conducted.

Overview of Results

The statistical analysis of the Woodridge and Floyd (1990) study presented a challenge when attempting to directly compare results to the present study. For direct comparison, the present study did use Pearson's r , as well as the more appropriate statistics for ordinal data, Kendal's τ (Creswell, 2002). There were no discernable differences between the results of Pearson's r and Kendal's τ as presented in Chapter 4. The results of the present study found inconsistent results with those found in the Wooldridge and Floyd 1990 study.

For direct comparison, analysis first considered the four management levels as conducted in the original Wooldridge and Floyd (1990) study: CEO, TMT, MM, and OM. Results of the present study were then compared. Correlation matrices were presented using Pearson's r to include all five management levels, CEO, TMT, MM, OM, and FLM, of which Table 2 and Table 3 included all organizational employees. (Kendal's τ correlation matrices were presented using five management levels, Table 4, and all organizational employees, Table 5.) By direct comparison with the four management levels from the original 1990 study, the extension to the five management levels and then the final extension to include all organizational employees, the present study found no significant relationship or correlations between any of the independent variables or their indexes; or to the dependant variables or their indexes. Consequently, the present study could not support either hypothesis as postulated.

Since the Wooldridge and Floyd 1990 results found several significant correlations, (Table 2), with the inclusion of organizational management levels below the level of senior leadership as it was positively correlated to organizational performance, the present study expected to find and confirm these results, at the very least at the level of senior leadership, the CEO or TMT. It was expected that there would be significant results with regard to inclusion of these top management levels as had been found within the research of others (Wooldridge & Floyd, 1990; Floyd & Wooldridge, 1992, 1996, 1997, 2000; Torset, 2002; Anderson, 2004; Pappas, Flaherty, & Wooldridge, 2003, Pappas, Flaherty, & Wooldridge, 2004; Pech & Durden, 2004). A convincing argument could be made that it was reasonable to expect at least some correlation at the level of

senior leadership such as CEO or the TMT, since prior study was predicated on 30 years of research.

Seminal research since 1990 suggested that strategic decision making is no longer the sole domain of top management, embracing the concept of *inclusiveness* as put forth by Wooldridge and Floyd (1990). The new age of the knowledge worker has emerged where *all* knowledge is important and of strategic value to the organization's leadership (Kaufman, 2003; Holt, Self, Thal, & Lo, 2003; Raelin, 2004; Peters, 2005).

Consequently, further inquiry into the results requires more intense discussion as to the reasons why these results were not confirmed by the present study, at least at the top levels of management, i.e. the CEO and the TMT.

Review and Discussion of Present Study Limitations

The following limitations defined the present study. These included: 1) a non-probability sampling of external human resource consultants because this population "satisfactorily met the sampling objectives" (Cooper & Schindler, 2001, p. 190); 2) it was not cost effective or time efficient to survey all members of the organizations that the human resource consultants represented, potentially numbering in the hundreds of thousands, where the total population would not be available for study; 3) the number of participants surveyed was dependant on those who volunteered to complete the survey instruments; 4) the amount of time available to conduct the study was a factor; 5) instrument validity was limited to the reliability of the survey instrument used as based on the Wooldridge and Floyd (1990) study; and 6) the lack of clarity in the survey directions themselves specifically with regard to the correct use of the Likert-type scale and the application of both sections two and three of the survey. Consequently, additional

detailed explanation and clarity for use of the survey instrument in the future would be recommended.

Review of the literature identified four primary limitations to the use of the *standard* Delphi Technique as previously discussed: 1) potential to obtain manipulated consensus; 2) lack of rigor, revolving around statistical analysis and questionnaire psychometrics; 3) intensity and amount of labor required to carry out the procedure; and 4) duration of time required to complete the process (Nekolaichuk et al., 2005, p. 467). The present study did not use the consensus component as part of the standard Delphi Technique. Instead, the present study used a *modified* version. As suggested by Murrow (2005), the Delphi Technique is a technique widely used and accepted in the *medical* community. An argument can be made for the potential lack of application in the business or non-medical community as a result of the present study. The lack of definitive proof may allow consideration of such an idea.

The following reasons are suggested as explanations to consider for the present study results, particularly as to why at least partial confirmation of the 1990 Wooldridge and Floyd study was not found.

- *Industry*: No similar industries were used in the present study that were used in the Wooldridge and Floyd 1990 study, nor was there enough industry specific information asked for in the survey.
- *Leadership and Governance*: There may be additional factors that are responsible for organizational performance such as a failure in judgment (Crossan, Fry, & Killing, 2005) or the subjective nature of the quality of an organization's leadership and governance (Gandossy & Sonnenfeld, 2004), or the inability of

senior leadership to make objective and informed decisions (Pech & Durden, 2004), or the multidimensional nature of the strategic decision-making process being more comprehensive by embracing a more processual and contextual approach (Torset, 2002).

- *Globalization*: Since 1989, the growing influence of globalization has begun to change the corporate competitive landscape (de Kluyver & Pearce, 2006). As a result, international cultural influences must be taken into account as part of their potential effect on strategic formulation.
- *Workforce Development*: As part of the growing importance of human and intellectual capital, the corporate focus is on knowledge and the subsequent development of the workforce, yielding potentially a more educated work force effecting the assessment of the intellectual level of organizational employee input in the strategic process (Crossan et al., 2005; de Kluyver & Pearce, 2006).
- *Structure*: Contemporary organizations are moving away from large functional structures toward flatter organizations with fewer levels of management “to enhance the speed and responsiveness of their organizations” to “get decision making closer to the customer and faster” (Crossan et al., 2005, p. 160). This structural change could be a convincing argument to look deeper into structural changes that could effect strategic decision making.
- *Methodology*: The Delphi Technique requires iteration and (expert) group learning. Data presented in the present study is not conclusive as to whether the Delphi Technique will or will not work in HR research. To establish its validity,

direct comparison may need to be made, where survey questions are asked of employees as well as the HR consultants for the same organization.

- *Consultant Expertise*: It is possible that identified experts in the field of consulting possess less of the level of expertise they believe they have. It is also possible consultants do not possess the level of expected expertise that the present study required and were not the best choice of inquiry.
- *Questionnaire Design*: It is possible that the HR experts provided answers for what they predicted the employees would *say* rather than what the employees would actually *do* with regard to involvement at the strategic level in the strategic decision process. Labeled Experts, i.e. HR consultants, were asked to respond as the employee would.
- *Time*: It is possible that a longitudinal study would be more appropriate to define or accurately isolate why results were found in the Wooldridge and Floyd 1990 study and were not found in the present study. It is possible that the business climate has changed as well as the use of expert consultants as a result of the passage of time. Consequently, it may not be reasonable to expect similar results more than 15 years later.
- *1990 Study*: Statistically it is possible, but highly improbable, that Wooldridge and Floyd could possibly be wrong. There were, however, no identifiable faults with their methodology. The results of the present study found virtually identical results from the use of Pearson's r versus Kendal's τ , the preferred statistic.
- *Sample Size*: A larger sample might help to obtain significant results.

- *Involvement*: Employee involvement in the strategic decision process at any level does not guarantee that a company will perform well or have any correlation in either direction to organizational performance. Perhaps the more people who are involved within the strategic decision process, the weaker the case can be made for the correlation to organizational performance.

A convincing argument could still be made for the hypotheses of the present study as no definitive conclusions either way can be drawn as the limitations' section of the present study clearly states. Further study is necessary to address the potential merits of the study.

Significance of the Results of Leadership

The value that a leader ascribes to intellectual capital remains a significant cornerstone to leadership (Peters, 2005), as put forth in the literature review for the present study. Senior leadership looks for ways to improve organizations with specific regard of how to use knowledge in their strategic decision-making process, in order to create optimal organizational performance (Peters, 2005). Without the acknowledgment and the use of strategic literacy at *all* levels of management by senior leadership, regardless of the management or employee level, organizations may not perform to optimum potential. "Nothing is more valuable than the wisdom of [an organization's] employees and their willingness to speak the truth" (Gandossy & Sonnenfeld, 2004, p. 92). Inclusiveness and the importance of everyone in the organization being of strategic value is still a valid and plausible argument. Leaders who practice inclusiveness within the strategic decision-making process may encourage others to develop this technique of including relevant employees to make more informed strategic decisions that may still

directly correlate to improved organizational performance. More definitive proof is needed before the merits of this argument may be conclusively dismissed or confirmed.

Implications to Leadership

A convincing argument may be made that these statements with regard to the significance to leadership are still valid to the field of strategic leadership, particularly as a result of more than 30 years of scholarly research and study as put forth in the literature review. It is still believed that the use of additional employee involvement at any level within the organization, particularly at the level of middle management and below, will have some impact of significance upon the strategic decision-making process itself and subsequent organizational performance. All areas of study have not yet been fully exhausted that would ultimately and conclusively dismiss the value of the signification and implications to the broad study of leadership.

Conclusion

The conclusions that can be drawn from the research results in the present study indicate that there is no support for Hypotheses H1 and H2, as there were no significant correlations or relationships found, neither confirming research that Floyd and Wooldridge found during their 1990 (Table 1) to the level of middle management nor with regard to correlation matrices in the present study (Tables 2-5). The purpose of the present study was to see if the relationship found in their original study could be extended to the next level of frontline management. According only to the results of the present study, a correlation was not found. This does not, however, imply the need to dismiss the intent or purpose of the present study completely as no definitive proof either way was determined.

The conclusion to reject both hypotheses seems to be indicated from the present study. However, as has been presented, limitations to the present study warrant further discussion and study.

Recommendations

Recommendations for further study include: 1) replication of the present study using different types of external consultants; 2) creation of a similar study where the proxy sample is compared directly to the actual employees within an organization, at the same time where there is a one-to-one correlation between presenting surveys to all employees within the company and comparison directly with the opinions of the HR experts; 3) increase time with the design of a longitudinal study allowing a comparison of organizational performance over time to isolate the specific expertise in play; 4) increase of sample size; 5) redesign of questionnaire wording in order to capture the actual involvement of employees as put forth by HR consultants as opposed to HR consultants believing that they had to represent involvement for what employees might react; 6) use of a different sample population size; 7) inclusion of questions to address globalization influences; 8) investigation of employee educational development; and 9) the ability to capture or identify the structure of organizations participating in the study to account for the influence of flatter organizations with the elimination of many management levels within the organization. Questions that are raised by the results, i.e. why 30 years of research within strategic decision making that suggests the concept of inclusiveness (Floyd & Wooldridge, 1997) and the importance of human intellectual capital (Peters, 2005) failed to provide significant results, need to be explored and examined further.

Additional discussions were contemplated with regard to proposing what could be done better or differently in future studies. To ascertain the true validity of the Delphi Technique, a study would need to be created where a survey of all employees of an organization could be compared directly, side-by-side, with HR experts for direct comparison and correlation. This would provide specific data that were not asked in the original 1990 study, such as exact company name, exact sales figures, and further specific data. HR consultants were asked to estimate according to their opinions—leaving a huge margin of error for interpretation, variation, and wrong estimates. While these exact data points would be ideal to learn and statistically analyze, the challenge remains as to whether or not participants would be willing to provide such personal and potentially confidential data, thereby potentially compromising the anonymity aspect of the present study. By creating a concurrent mixed methods study simultaneously, explanation could be offered both qualitatively and quantitatively as to the exact validity of the correlation of HR opinion and accuracy as a proxy sample.

Summary

Strategic leadership focuses on the people who have overall responsibility for the organization and includes not only the leader of the organization, i.e. the CEO, but also members who are referred to as the top management team (TMT). Leadership requires the ability to make decisions about the strategic management of the organization for optimal organizational performance, with the ability to include all relevant information needed for those strategic decisions regardless of where the information comes from within the organization (Wooldridge & Floyd, 1990; Floyd & Wooldridge, 1992, 1996,

1997, 2000; Torset, 2002; Anderson, 2004; Pech & Durden, 2004). The concept of inclusiveness, i.e. the involvement of other organizational employees beyond the domain of senior leadership, is felt to be the current direction of the area of strategic leadership and the focus of the present study.

The quantitative, correlational, explanatory method of the present study focused on the involvement of other organizational employees within the senior leadership's strategic decision-making process to examine the relationship between the involvement of those below middle management and organizational performance. The intent of the present study was to replicate and extend the 1990 Wooldridge and Floyd study, retrieving data by using a modified version of the Delphi Technique, where expert opinions of external human resource consultants were used. Several themes emerged from the data that were of particular note: 1) there were no significance relationships between any of the six levels of organizational employees within the five layers of management and with frontline employees with organizational performance, regardless of the statistical techniques used; and 2) there was no definitive proof to completely dismiss the concept of the modified ask-the-experts, Delphi Technique.

Leadership implications from the present study included the importance of the concept of inclusiveness of employee involvement due to the value of the knowledge each employee contributes, regardless of his or her location in the organization. Strategic knowledge and literacy is not a function solely of senior leadership, instead it being a function of expertise of position and of the employee (Bass, 1990; Gandossy & Sonnenfeld, 2004; Peters, 2005). The practice of inclusiveness based on 30 years of research is felt to still be of significant value to the field of strategic management and

strategic leadership and is still felt to be important to senior leadership having positive effects on organizational performance (Wooldridge & Floyd, 1990; Floyd and Wooldridge, 1992, 1996, 1997, 2000; Torset, 2002; Anderson, 2004; Pappas, Flaherty & Wooldridge, 2003; Pappas, Flaherty & Wooldridge, 2004; Pech & Durden, 2005; Peters, 2005).

Recommendations for further study include: 1) replication of the present study using different types of external consultants; 2) creation of a similar study where the proxy sample is compared directly to the actual employees within an organization at the same time. It is still indicated that the modified Delphi technique may be a viable research option if there is a one-to-one direct correlation between presenting surveys to all employees within the company to compare directly with the opinions of the HR experts; 3) increase study time with the design of a longitudinal study allowing a comparison of organizational performance over time; 4) increase of sample size; 5) redesign of questionnaire wording to capture the actual involvement of employees as put forth by HR consultants as opposed to HR consultants believing they represent involvement for how employees might react and actually feel; 6) use different sample populations; and 7) more detailed research within industries, especially service industries such as the financial and manufacturing markets, where Wooldridge and Floyd researched in the 1990. Questions that are raised by the results, i.e., why 30 years of research within strategic decision making that suggests the concept of inclusiveness (Floyd & Wooldridge, 1997) and the importance of human intellectual capital (Peters, 2005), failed to provide any significant results and needs to be examined further to verify how important the concept of inclusiveness is to the area of strategic management and leadership.

The absence of findings to confirm various, proven relationships of management involvement and measures of performance are, at the least, disquieting. Possible explanations are generally not appealing. A change in the nature of management involvement and organizational performance, a lack of accuracy from HR consultants, the disparity between a managers' perceived involvement and their actual involvement, all seem to be unlikely. Understanding the nature of various levels of management involvement and organizational performance is too important for this lack of findings to go uninvestigated. Experts in HR and in other areas are too important to the fields of strategic management, strategic leadership, and employment practices and are needed to continue investigating these areas despite the lack of findings from the present study.

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APPENDIX A: SURVEY INSTRUMENT

MANAGEMENT INVOLVEMENT & PERFORMANCE QUESTIONNAIRE

This questionnaire is about the management involvement of large companies. It asks you, as a very experienced HR and/or management advisor, to provide your best estimates of information related to that target company. Your information will remain confidential and this questionnaire does not obtain the target company's identity in order to preserve your confidentiality with the target company (your client).

Name of your company: _____ Type of Consultant: _____

THE TARGET COMPANY: What size firm is the target company that you are responding to this questionnaire about? _____ (Fortune 50, Fortune 100, Fortune 500, Fortune 1000, 5000, 10,000, etc.)

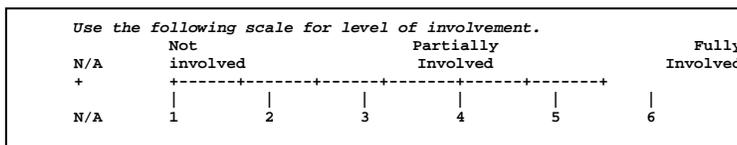
What industry are they in? _____

As an HR/Management consultant, how accurately do you believe you are able to access the opinions of the company you represent? Please use a percentage of 0% to 100%. _____%

Does this company participate in the 360 Management Review process? Yes ___ No ___ N/A ___

For the following table, please give your best estimate of the amount of involvement from each level of management in the strategic processes.

Management involvement in Five Aspects of Strategic Process



- CEO
- Top Management Teams
- Middle Managers
- Operational Managers
- Front-Line Supervisors
- Front-Line Employees

Five Aspects of Strategic Process	Levels of Management					
(1) identifying problems and proposing objectives?						
(2) generating options?						
(3) evaluating options?						
(4) developing details about options?						
(5) taking the necessary actions to put changes in place?						

For the following table, please give your best estimate of the overall performance of the company.

Company Performance

(Please enter 1-7 or na for each category)

Five Aspects of Company Performance	Rank (1-7)
1. Overall Competitive Position	
2. Profitability (Return on Assets)	
3. Efficiency of Operations	
4. Overall Financial Performance (ROA, ROE, ROI, etc.)	
5. Growth Rate (sales revenue) over time	

Thank you for your participation. Your input is invaluable and greatly appreciated. Please compete this form for a second company if you feel that you have a sufficient depth of understand for another company.

Please mail responses back in the self-addressed envelopes or fax responses to: Cheryl Lentz at (888) 704-3290

APPENDIX B: CONSENT
 PERMISSION TO USE AN EXISTING SURVEY

Date **06/05/06**

Dr. Steven W. Floyd

Address: wooldridge@mgmt.umass.edu

Steven.Floyd@business.uconn.edu

Thank you for your request for permission to use the survey instrument from: *The Strategy Process, Middle Management Involvement, and Organizational Performance* 1990 Study in your research study. We, the original authors, are willing to allow you to reproduce the instrument as outlined in your letter at no charge with the following understanding:

- The authors approve of your recreation of the no longer available survey instrument. We feel this recreation is an accurate representation of the survey used in our 1990 study.
- The doctoral student will use this survey only for her research study and will not sell or use it with any compensated management/curriculum development activities.
- The doctoral student will include the copyright statement on all copies of the instrument.
- The doctoral student will send her research study and one copy of reports, articles, and the like that make use of this survey data promptly to the authors' attention.

If these are acceptable terms and conditions, please indicate so by signing one copy of this letter and returning it.

Best wishes with your study.

Sincerely,



Date June 6, 2006

Signature

I understand these conditions and agree to abide by these terms and conditions.

Signed: CAL Date **06/05/2006**

Cheryl A. Lentz, UOP School of Advanced Studies Doctoral Student

Electronic Signature

Expected date of completion **05/04/07**

UNIVERSITY OF PHOENIX
PERMISSION TO USE AN EXISTING SURVEY

Date 06/05/06

Dr. Steven W. Floyd
 Dr. Bill Wooldridge

Address: wooldridge@mgmt.umass.edu
 Steven.Floyd@business.uconn.edu

Thank you for your request for permission to use the survey instrument from: *The Strategy Process, Middle Management Involvement, and Organizational Performance* 1990 Study in your research study. We, the original authors, are willing to allow you to reproduce the instrument as outlined in your letter at no charge with the following understanding:

- The authors approve of your recreation of the no longer available survey instrument. We feel this recreation is an accurate representation of the survey used in our 1990 study.
- The doctoral student will use this survey only for her research study and will not sell or use it with any compensated management/curriculum development activities.
- The doctoral student will include the copyright statement on all copies of the instrument.
- The doctoral student will send her research study and one copy of reports, articles, and the like that make use of this survey data promptly to the authors' attention.

If these are acceptable terms and conditions, please indicate so by signing one copy of this letter and returning it.

Best wishes with your study.

Sincerely,



Date 6/27/2006

Signature

I understand these conditions and agree to abide by these terms and conditions.

Signed: CAL Date 06/05/2006

Cheryl A. Lentz, UOP School of Advanced Studies Doctoral Student
 Electronic Signature

Expected date of completion 05/04/07

APPENDIX C: CONSENT

Dear : ,

Thank you for agreeing to participate in my research study. Your participation in this survey is very important, and I appreciate your willingness to take the time to complete it.

I am a student at the University of Phoenix working toward a Doctorate of Management in Organizational Leadership in the School of Advanced Studies. I am conducting a research study entitled, *Strategic Decision Making in Organizational Performance: A Quantitative Study of Employee Inclusiveness*. The purpose of the research study is to understand the benefits of involving employees at various levels in the organization in strategic decision-making.

Your participation in this study is voluntary. If you choose not to participate or to withdraw from the study at any time, you can do so without penalty or loss of benefit to yourself. In this research, there are no foreseeable risks.

The questions in the survey are regarding two companies that you as an Human Resource Consultant represent. Your participation will involve answering a short survey that should take approximately 5 minutes of your time to complete each. Please choose the two largest client firms (Fortune 1000) that you know best and fill out one survey for each. The questions are brief and cover many aspects of the organizations and are intended to measure involvement in strategic organizational development. Your participation in this study is voluntary. The results of this study may be published but your name and that of your clients will not be used. Specific company information will be maintained in strict confidence.

The first section of the questionnaire is a matrix that requires the ability to assess the involvement of each of the listed six categories of management within the strategic decision-making process. The second section includes questions relating to organizational performance metrics. In the last section, we are asking for general information to help us understand and correctly interpret the survey data. We will not use this information to identify you. This survey is completely confidential for the sole purpose of academic research. Although there may be no direct benefit to you, the possible benefit of your participation is the advancement of knowledge in the field of strategic development.

When you have completed the questionnaire, please seal your response forms in the return envelope provided and return these two questionnaires as well as this consent to participate form within two weeks from the date of this letter.

If you have any questions concerning the research study, please contact me at (702) 837-8925.

Sincerely,

Cheryl Lentz
Doctoral Candidate
University of Phoenix
School of Advanced Studies

UNIVERSITY OF PHOENIX**INFORMED CONSENT: PARTICIPANTS 18 YEARS OF AGE AND OLDER**

*Cheryl Lentz
Research Doctoral Study
Strategic Decision Making in Organizational Performance: A Quantitative Study of Employee
Inclusiveness.*

By signing this form I acknowledge that I understand the nature of the study, the potential risks to me as a participant, and the means by which my identity will be kept confidential. My signature on this form also indicates that I am 18 years old or older and that I give my permission to voluntarily serve as a participant in the study described.

Print Name: _____

Sign Name: _____

Original signatures required. No email or fax option available.

Date: _____

APPENDIX D: SEARCH WORDS

Summary of Literature Reviewed

Theoretical Concepts and Search Topics			
	Books and Reports	Peer-reviewed Journal Articles	Surveys
360-degree Feedback		87	2
Balanced Scorecards		15	
Business Research	42	15	
Consultants		27	
Corporate Governance	4	15	
Corporate Strategy	12	32	
Decision Making Process	12	55	
Delphi Technique		59	2
Dissertations	12		
Employee Involvement	16	32	
Frontline Employees	4	15	
Human Resource Management		16	
Inclusiveness		4	
Knowledge Management		15	
Leadership	45	225	4
Management	45	225	2
Middle Managers	8	54	
Organizational Effectiveness	8	54	2
Organizational Performance	35	54	
Quality	4	42	
Senior Leadership/TMT	45	225	
Shared Decision Making		4	
Statistics	5	42	
Strategic Decisions/Decision-making	45	225	
Strategic Development	45	225	
Strategic Literacy		4	
Strategic Management	45	225	
Strategic Planning	45	225	
Strategy/Strategic	45	225	