DISENTANGLING STRATEGIC CONSENSUS:

STRATEGIC CONSENSUS TYPES, PSYCHOLOGICAL BONDS, AND THEIR

EFFECTS ON STRATEGIC CLIMATE [1]

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ABSTRACT

Strategic consensus has long been held by academics and managers alike as crucial for organizational effectiveness. Yet, studies have failed to consistently demonstrate this importance. These equivocal findings have been attributed to the lack of clarity of the strategic consensus construct. We contend that current notions of strategic consensus have broadened the construct to the point that it has become indistinguishable from organizational strategic climate, which is a distinct, but related, construct. Moreover, we depart from past studies that have essentially treated commitment as an element of strategic consensus. Instead, we suggest that commitment is but one of several possible psychological bonds generated by strategic consensus. We therefore re-conceptualize strategic consensus, disentangling it from commitment and strategic climate, and theorize how these three distinct constructs are interrelated. Specifically, we suggest that a strategic consensus influences strategic climate through both symbolic and substantive means, and that the latter occurs through a relationship mediated by the psychological bond that the strategic decision makers hold toward the strategic decision. In so doing, our theorization paves the way for future research to explore how this constellation of constructs works together to affect more distal organizational outcomes such as strategic implementation, and ultimately, firm performance.

Strategic consensus, which has typically been defined as the agreement among top managers on decisions about the organization's goals (Bourgeois, 1980, 1985; Dess, 1987; Walter, Kellermanns, Floyd, Veiga, & Matherne, 2013; West & Schwenk, 1996; West & Meyer, 1998) and/or the means to achieve them (Bowman & Ambrosini, 1997; Grinyer & Norburn, 1975; Homburg, Krohmer, & Workman, 1999; Ramos-Garza, 2009; Wooldridge & Floyd, 1990), is presumed to engender commitment to such strategic decisions, and thus is considered to be critical to organizational effectiveness (Amason, 1996; Floyd & Wooldridge, 1992; Wooldridge & Floyd, 1989). Such strategic decisions are thought to require at least some level of commitment because they are often highly complex and involve a myriad of options, are fraught with risk and uncertainty, and have a connection and impact on organizational performance that is causally ambiguous. Moreover, strategic decisions are difficult to reverse without considerable financial and reputational cost to the firm as they involve the allocation of scarce resources and take longer time frames to implement than do operational decisions. Strategic consensus among the top management team (TMT) has therefore long been considered as foundational to strategy formulation (Ansoff, 1965; Bower & Doz, 1979; Simon, 1957).

Despite its fundamental role in strategic management, a comprehensive review of the body of theory and research on strategic consensus by Kellermanns, Walter, Lechner, and Floyd's (2005) revealed a vast inconsistency across existing work in how the construct has been both defined and measured. As Kellermanns et al. (2005) note, the extant definitional confusion is undoubtedly the reason for the lack of consistency in empirical findings between strategic consensus and firm outcomes. For instance, studies have reported positive relationships (Dess, 1987; Dess & Keats, 1987; Dooley, Fryxell, & Judge, 2000; Hrebiniak & Snow, 1982; Iaquinto & Fredrickson, 1997; Walter et al., 2013), negative relationships (Bourgeois, 1985), or null

relationships between strategic consensus and firm performance (Grinyer & Norburn, 1975; West & Schwenk, 1996; West & Meyer, 1998; Wooldridge & Floyd, 1990), and similarly mixed results with respect to the specific content of the consensus (Bourgeois, 1980; González-Benito, Aguinis, Boyd, & Suárez-González, 2012; Homburg et al., 1999; Kellermanns, Walter, Floyd, Lechner, & Shaw, 2011; Ramos-Garza, 2009). This lack of definitional clarity provides a clear threat to the validity of the construct (Shadish, Cook, & Campbell, 2002), making it difficult for researchers to develop valid measures of it (e.g., Schwab, 2005), and at the very least, it inhibits a coherent integration of past theory and findings. In an attempt to synthesize the prior research and spur future research, Kellermanns et al. (2005) offered the following broad definition of strategic consensus: "the shared understanding of strategic priorities among managers at the top, middle, and/or operating levels of the organization" (:721).

We contend that this synthesizing definition of strategic consensus contaminates the construct by broadening its content (i.e., strategic priorities) and scope (i.e., among all managers) to the point that it has become indistinguishable from organizational strategic climate, a construct that is distinct, but related, to strategic consensus (cf., Zohar & Hofmann, 2012). Furthermore, we contend that two problematic assumptions have conventionally underpinned the vast majority of past research on strategic consensus: (1) that strategic consensus is defined by the agreement among managers, implying that all strategic decisions result in some degree of consensus, and (2) that strategic consensus always generates commitment to the strategic decision, which essentially confounds it with this psychological bond that is itself a separate construct (cf., Klein, Molloy, & Brinsfield, 2012). We suggest that these assumptions have masked complex relationships that strategic consensus has with both commitment and strategic climate.

We therefore challenge these assumptions and conceptualize strategic consensus in a manner that more accurately treats it as a separate construct from the psychological bonds it generates and from strategic climate. First, we reconceptualize the content of strategic consensus as pertaining to strategic decisions and limit its scope to only those participants directly involved in making the decisions, and we draw upon extant scholarship on decision-making (e.g., Davis, 1973; Graham, 1970) to suggest that a strategic consensus fundamentally represents a decision outcome in which the decision-makers *accept* the settled upon strategic decision. We discuss how this fundamentally alters conventional thinking that strategic consensus is constituted by agreement: rather than simply assuming that some *degree* of consensus (i.e., level of agreement) exists, we suggest that future research must instead focus on whether a consensual strategic decision outcome occurred (i.e., a difference in kind), and if so, then what *type* of strategic consensus was achieved. In the current manuscript, we broadly classify strategic consensuses as either being natural or negotiated, and identify four ideal types of strategic consensus: a natural strategic consensus occurs as either aligned or discovered, while a negotiated strategic consensus occurs as calculated or acquiesced. This reconceptualization allows for the problematization of the psychological bonds that strategic consensus generates toward the strategic decision, and thereby affords a deeper understanding of the type of psychological involvement the strategic decision-making participants (i.e., TMT members) hold toward the strategic decision.

Second, we draw upon recent developments in the commitment literature (e.g., Klein et al., 2012) to suggest that commitment is only one of several types of psychological bond that can result toward the strategic decision when a strategic consensus is achieved. In so doing, we develop propositions with respect to the different types of psychological bonds which are generated toward the strategic decision based on the different strategic consensus types.

Specifically, we propose that only the two natural types of strategic consensus generate a psychological involvement commensurate with commitment—and may even involve identification—to the strategic decision, whereas the two types of negotiated strategic consensus generate psychological bond types that essentially entail compliance. As such, our theorization importantly departs from past studies that have conventionally presumed that commitment is an element of strategic consensus itself (for a notable exception, see Dooley et al., 2000) and our problematization of the relationship that exists between strategic consensus and the different types of psychological bonds paves the way for understanding this relationship in all its complexity. Each type of strategic consensus generates a different type of psychological bond to the strategic decision. That these various bonds differ in their substantive enactments— they differ in their psychological involvement, effort and resource allocations, and continuation— toward the strategic decision, this has major implications for how the strategic priorities of the firm are enacted and perceived. Thus our theorization also disentangles how strategic consensus relates to the other key construct with which it has become conflated: strategic climate.

Third, then, we posit that a strategic consensus by top decision-makers is likely to have a positive symbolical influence on the organization's strategic climate, as the achievement of a strategic consensus—regardless of its type—on any given strategic decision contributes to a shared awareness of the decision's strategic priority. But, nevertheless, because each of the different strategic consensus types have differing substantive effects, through the different psychological bonds that the decision makers hold toward the strategic decision, this means that a strategic consensus can work to not only strengthen the strategic climate, but also to maintain it or even weaken it. Our reconceptualization and theorization thus reveals an asymmetrical effect of strategic consensus on strategic climate that has been previously masked by a broad definition

of strategic consensus as shared awareness (i.e., perceived agreement) among all managers. Indeed, the past conflation of strategic consensus and strategic climate has inherently only resided in the symbolic aspects of the construct and has stopped short of considering the substantive effects of strategic consensus—and as we discuss below, this shortfall was also enabled by the assumption that strategic consensus necessarily results in commitment.

In the current manuscript, we therefore re-conceptualize strategic consensus, disentangle it from the psychological bond it generates and from strategic climate, and theorize how these distinct constructs are interrelated. In so doing, our theorization provides the definitional clarity needed to enhance the validity of the future measurement of the construct. It also importantly provides the foundation for future research to examine how this constellation of constructs works together to enhance (or diminish) more distal organizational outcomes such as strategic implementation, and ultimately, firm performance. Although our identification and development of the different types of strategic consensus does not delve into the particular decision processes that may lead to the achievement of strategic consensus as a decision outcome, we discuss how our theorization provides the pathway for future research to explore the different antecedents that may lead to the likelihood of observing each particular strategic consensus type.

RECONCEPTUALIZING STRATEGIC CONSENSUS

In their comprehensive review of the strategic consensus literature, Kellermanns and colleagues (2005) detailed how past conceptualizations and treatments of strategic consensus have varied in their definitions of the content, scope and degree of the strategic consensus (cf., Wooldridge & Floyd, 1989). While early studies typically conceptualized the content of strategic consensus as pertaining to the firm's goals and the accompanying strategic policies and initiatives aimed at achieving them, this content in studies over time has come to be more

broadly defined as the more general understanding of the firm's 'strategic priorities' (see Kellermanns et al., 2005). This latter broadened definition of the content of strategic consensus parallels the variance in how past studies have conceptualized scope—i.e., the breadth of actors involved in the strategic consensus. Extant research differs on whether the scope of strategic consensus pertains to the TMT (e.g., Amason, 1996; Bourgeois, 1985; Dess, 1987), the dominant coalition (Bourgeois, 1980; Dooley et al., 2000), or managers across all levels of the organization (e.g., González-Benito et al., 2012; Homburg et al., 1999; Walter et al., 2013). Finally, extant research has consistently focused upon strategic consensus as a decision outcome (rather than as a decision process), and this decision outcome has been conceptualized as the amount of 'agreement' among the actors about the decision (e.g., Dess & Origer, 1987; Dooley et al., 2000; Priem, 1990). The notion of agreement, however, has varied among past studies in tandem with the variance in their content and scope: studies focusing on TMTs have typically defined (and measured) consensus as agreement among the TMT, whereas studies with broader definitions of content and scope have defined consensus as a "shared understanding" among all levels of managers (Kellermanns et al., 2005). This past lack of construct clarity threatens the validity of the construct's measurement and has resulted in extant equivocal empirical findings.

As we have already outlined above, Kellermanns et al.'s (2005) broad synthesizing definition, while encapsulating the prior literature, conflates strategic consensus with strategic climate. We suggest that strategic consensus is distinct from strategic climate in both its content and scope: the content of strategic consensus pertains to the particular alternatives weighed in making a strategic decision, and ultimately, to the selected alternative (i.e., strategic decision outcome), whereas strategic climate embodies the agreement or shared awareness about the firm's strategic goals and priorities (and as such, is based upon each particular strategic decision

as well as the culmination of preceding strategic decisions). The scope of strategic consensus is limited to the strategic decision makers (i.e., the TMT), while strategic climate more broadly encompasses all managers (including TMT members) and employees. Moreover, we posit that strategic consensus and strategic climate have very different underlying mechanisms: while strategic consensus is built upon the *acceptance* of a strategic decision among the decision makers, strategic climate is built upon the *shared perceptions* of the firm's strategic priorities among all organizational members. In short, we suggest that strategic climate is a critically important, but distinct, organizational phenomenon from a strategic consensus, and that it is influenced each time a strategic consensus is reached on any particular strategic decision.

We therefore formally disentangle these constructs. To do so, we define strategic consensus in a manner that more accurately captures the construct: *strategic consensus occurs when all the deciding social actors—typically, but not limited to, the top management team— accept the strategic decision.* We also build directly upon Zohar and Hofmann (2012) to define strategic climate as *the shared understanding among organizational members of the strategic goals and priorities of the organization.* This definition of strategic climate is consistent with previous scholarship on organizational climate suggesting that employees' understandings of the actions that are prioritized and rewarded are a critical component of organizational climates (Schneider, 1975; Schneider & Reichers, 1983).

Our reconceptualization appropriately bounds the content and scope of strategic consensus and directs the focus on the acceptance of the strategic decision outcome by the decision makers. This fundamentally alters the way we think about strategic consensus: rather than existing on a continuum, strategic consensus may or may not be achieved, and when it is reached, there are unique types of strategic consensus that differ in their implications for the

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post-decision psychological involvement and behaviors of the decision-makers. We now discuss each of these elements of strategic consensus in turn.

The Content and Scope of Strategic Consensus

Our proposed definition of strategic consensus bounds its content to strategic decisions— i.e., decisions specific to the setting of organizational goals or the selecting of major courses of actions aimed at goal attainment. As such, this remains consistent with the focus of previous strategic consensus research on the firm's ends and means (e.g., Bourgeois, 1980, 1985; Dess, 1987; Dess & Origer, 1987; West & Schwenk, 1996) and with the long established notion of strategic decisions as being related to the "determination of the basic long-term goals and objectives of an enterprise" and/or to the major "courses of action and the allocation of resources necessary for carrying out these goals" (Chandler, 1962: 16). Most important, however, is that our definition treats strategic consensus as a strategic decision outcome and does not refer to the strategic decision-making process itself. That is, while consensus can generally refer to either a process of reaching a group decision (e.g., Schweiger, Sandberg, & Ragan, 1986) or to a group decision outcome (e.g., Priem, Harrison, & Muir, 1995), prior research on strategic consensus has clearly demarcated it as a decision outcome regardless of the decision process that led to its achievement (for an exception, see Markoczy, 2001), and thus our definition is aligned in this regard with past research on strategic consensus.

Our reconceptualization also puts a boundary on the range of actors involved in the strategic consensus: the scope of strategic consensus includes only those organizational members that make the strategic decision. While this essentially curtails the inclusion of middle- and operational-level managers (cf. Bowman & Ambrosini, 1997; Hodgkinson & Johnson, 1994), it nevertheless still allows for a scope that encompasses any key organizational members beyond

the top management team that may be involved in the making of any particular strategic decision. That is, strategic decisions can be made by a dominant coalition (e.g., Amason, 1996; Bourgeois, 1985; Dess, 1987)—a group of organizational members with the authority to direct actions of the firm (Child, 1972). Dominant coalitions are often issue-oriented groups that are not restricted to formal organizational structures (Stevenson, Pearce, & Porter, 1985), and thus may sometimes involve members beyond the top management team, the latter of which is typically limited to certain formal roles within the firm (Finkelstein, Cannella, & Hambrick, 2009). The essential aspect of our definition therefore is that strategic consensus, as a decision outcome, pertains directly to those individuals who make the strategic decision. While this may involve a broader coalition of actors that extends beyond the TMT, we hereafter simply refer to the TMT.

While the content and scope dimensions of the conception of strategic consensus offered here bound the construct, our re-defining of the concept as the *acceptance* of a strategic decision by "all the deciding social actors" fundamentally alters the third dimension of strategic consensus: it shifts it from a matter of degree to that of a difference in kind, and thus types.

From Degree to Types of Strategic Consensus

Our definition of strategic consensus as a group decision outcome that occurs when all the deciding social actors accept the strategic decision adopts the meaning of consensus portrayed in the decision-making literature. More specifically, the decision-making literature defines consensus in a manner that emphasizes acceptance rather than agreement: it is viewed as a decision outcome in which "whatever was agreed upon had to be acceptable to all" (Graham, 1970: 88). Or put another way, consensus is a decision in which "each member of the group must be satisfied as to the ultimate course of action to be taken" (Holder, 1976: 307). As Davis (1973) has highlighted, this also means that consensus is a decision that faces no opposition:

Local chapters of the League of Women Voters do not vote on issues before the group, but instead reach "consensus"—a continuing of discussion until the chapter president *encounters no opposition* to her summary of the group's position (emphasis added, 1973: 99).

Although some previous scholarship on strategic consensus has taken this acceptance perspective (e.g., Dess & Origer, 1987; Dooley et al., 2000; Priem, 1990), the extant views of strategic consensus, and especially the more recent synthesis perspective, instead seem founded upon the more sociological and psychological (and philosophical) conceptions of consensus as being the "shared beliefs", "shared views", "shared values", "mutual understanding", or "agreement" among the individuals within a group or society on an issue, social norms, or public opinion (e.g., Cole & Bedeian, 2007; Kenny, 1991; Kozlowski & Hattrup, 1992; Scheff, 1967). While consensus is generally treated as individual agreement in these other literatures, some sociological theories have also considered it to be a more collective-level "co-orientation" (Newcomb, 1953). Philosophical treatments of consensus, as the basis for understanding knowledge, or truth, as constructed and understood by the public at large, take a similar agreement view of consensus (i.e., Habermas' "Consensus theory of truth", from Hesse, 1982).

Thus, as our definitions of strategic consensus and strategic climate should make clear, we consider both of these notions of consensus found in the broader literatures as being important and highly relevant to the understanding of how strategic decisions affect organizations and their effectiveness. But, as the organizational climate and decision-making literatures make clear, respectively, the "shared awareness" or "agreement" about a firm's strategic priorities constitutes the strategic climate while the acceptance of particular strategic

decisions by the firm's decision makers represents a strategic consensus. Our theorization treats each of these constructs separately and considers how the latter influences the former.

Viewing strategic consensus as the acceptance of a strategic decision requires a fundamental shift from thinking in terms of 'degree' to instead thinking in terms of 'type'. There are two important aspects to this shift. First, the unanimity of acceptance among the decision participants—consensus decisions must "be acceptable to all" (Graham, 1970: 88) or at least "encounter no opposition" (Davis, 1973: 99)—entails meeting all participants' *minimum* preferences. In other words, the decision makers may differ in their views as to which alternative presents the most preferred course of action and still find an effective solution for the organization that is acceptable to all individual decision makers. This is very different from the extant approach which implicitly anchors the degree of agreement on maximum rather than minimum preferences. Second, strategic consensus is a state rather than a continuum. In short, consensual decisions are outcomes in which all decision participants are unified in the sense that the decision outcome met or exceeded each and every participant's minimum preference threshold—which is qualitatively distinct from non-consensual decisions. This again stands in stark contrast to the widespread 'agreement' view of strategic consensus, which conceptualizes consensus as if it occurs for all strategic decisions—even those wherein some decision participants don't find the decision outcome as acceptable at all—and measures consensus as though it ranges from low consensus (absence of agreement) to high consensus (complete agreement) (Dess & Priem, 1995; Priem, 1990).

We conceptualize strategic consensus as a group-level phenomenon that is built upon the minimum preference thresholds of the decision-making participants. While decision alternatives viewed as less effective will generally be less preferred, whether or not they are deemed as

acceptable is subject to a decision maker's 'minimum preference threshold'. That is, decision participants have their own unique aspiration levels, which Schneider has defined as "the smallest outcome that would be deemed satisfactory by the decision maker, given the current choice situation" (1992: 1053). We refer to this as the minimum preference threshold: any alternatives above this threshold are deemed as acceptable by the individual as they are believed to meet some minimum level of effectiveness.[2] Those alternatives below the threshold will be viewed by the individual as ineffective, and thus unacceptable. Therefore, for any decision alternative to be acceptable to all participants, it would have to be above each and every participant's minimum preference threshold. This view of strategic consensus is consistent with Cyert and March's (1963) suggestion that strategic decisions rely upon minimum-or-better standards, as this provides a means to resolve the intra-group conflict that is sure to arise when the maximization-oriented standards associated with purely rational decision-making are applied.

It is also worth noting that each participant's preferences for any particular decision is based upon his or her attitudes and beliefs about the effectiveness of each of the particular decision alternatives under consideration.[3] Each participant's attitudes and beliefs are a reflection

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[2] The notion of aspirations as representing the minimum threshold of preferences is also consistent with Simon (1959), who referred to aspiration levels as "a natural zero point in the scale of utility", and suggested that when a "firm has alternatives open to it that are at or above its aspiration level, the theory predicts that it will choose the best of those known to be available" (: 264). As Lant (1992: 623) put it, "[s]atisficing models suggest that aspiration levels determine when alternatives are acceptable or unacceptable." Thus, our notion of minimum preference thresholds builds directly on this notion of aspirations in this past literature.

[3] Effectiveness pertains to whether goals are achieved—it involves "how well the organization is meeting the needs or satisfying the criteria of the evaluator" (Pfeffer & Salancik, 1978: 34)—and goals can be considered as an amalgam of the participant's individual goals, the goals of the participant's sub-unit that they represent, and the

of their own unique roles, backgrounds, experiences, and personal dispositions (Hambrick &

Mason, 1984), and because strategic decisions are often characterized as inherently risky and

uncertain, such individual differences play a heightened role in understanding preferences

because they directly affect how the information will be perceived, processed, and made sense of

by the decision makers (e.g., Chattopadhyay, Glick, Miller, & Huber, 1999; Hambrick & Mason,

1984; Thomas, Clark, & Gioia, 1993). In short, when a decision maker believes that a specific

alternative will be effective, he or she will have a stronger preference for that decision

alternative—and the alternative believed to be most effective will be maximally preferred.

To illustrate these notions, we consider a TMT of seven participants who are faced with

choosing among three different strategic alternatives. Figure 1 depicts the three decision

alternatives in terms of each TMT member's preferences, subject to each participant's minimum

preference threshold. While the minimum preference threshold is displayed as a constant across

participants for simplicity, this does not mean that all participants share a single threshold.

Rather, the figure depicts that the preferences for the alternatives may vary across the individual

decision participants, and that the acceptability of any given alternative to each individual is

subject to the particular individual's minimum preference threshold.

For example, Figure 1 shows that while the CEO maximally prefers alternative two, s/he

also considers alternative one as being acceptable, as it is above her or his minimum preference

threshold, whereas alternative three is unacceptable. Contrast this with the COO, who also

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firm's overarching goals (Cyert & March, 1963). Thus, when we refer to an individual decision participant's goals,

we do so with this amalgam in mind. Moreover, because the firm's goals themselves are the subject of the strategic

decision making, by definition, the goals of the individual and their sub-unit are paramount to each participant's

preference strength in the strategic decision-making process.

considers alternatives one and two as acceptable (and alternative three as unacceptable), but instead maximally prefers alternative one. An even further contrast is the Vice President of Operations (VP Ops), who maximally prefers alternative two, and considers alternatives one and three as unacceptable. At the TMT (group) level, looking across all the participants, we see that four TMT members maximally prefer alternative one, and that three TMT members maximally prefer alternative two (and five of the seven consider alternative three as unacceptable). At the same time, all seven TMT members consider alternative two as being acceptable—it is above each and very TMT member's minimum preference threshold—while alternative one is considered as acceptable to only six of the seven participants. Because strategic consensus involves an alternative that is acceptable to *all* participants, only alternative two would naturally provide the potential for strategic consensus here, as it is the only alternative that is considered acceptable to all (and even though it is maximally preferred by only three TMT members).

Insert Figure 1 about here

It is worth further noting that a majority rule decision in this same scenario would yield a different non-consensual decision outcome: alternative one would likely be selected given that a majority of the participants maximally prefer this alternative. Alternative one would also arise as the outcome if consensus were conceived and measured as the degree of agreement—more participants agree that it, rather than alternative two, is the most effective. Note too that while this would not be considered a strategic consensus according to our reconceptualization, if strategic consensus were instead measured as a continuum of agreement (as it typically has been in previous research), alternative one would be considered to have a higher "degree" of consensus than would alternative two (and likewise, alternative two would have a higher degree

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of consensus than would alternative three). This clearly demonstrates that conceiving strategic consensus as the acceptance of a decision outcome that involves minimum preference thresholds presents a very different conceptualization (and potential operationalization) from the conventional 'agreement' view built upon maximal preferences.

In sum, we define strategic consensus as a decision outcome that is accepted by all participants in the decision-making group—or put another way, it is a decision outcome which encounters no opposition from any of the decision makers. As we now turn to discussing, this means that strategic consensus may occur along one of several different types.

TYPES OF STRATEGIC CONSENSUS

Before developing the several possible types of strategic consensus, we re-emphasize that, consistent with past research, a strategic consensus pertains to the decision outcome regardless of the decision-making process taken to achieve this outcome. As already noted above, while consensus outcomes are generally desired with respect to strategic decisions, strategic decision-making processes are rarely structured to formally involve consensus-building processes. Moreover, decision-making research suggests that a group need not follow a consensus decision-making process in order to achieve a consensus decision; there are a host of group decision-making processes that may lead to consensual outcomes (e.g., dialectical inquiry, the Delphi technique, etc.; Priem & Price, 1991; Schweiger et al., 1986; Schweiger, Sandberg, & Rechner, 1989). Regardless of the decision process formally used (if any), we propose that strategic consensus outcomes tend to involve four main types, which can be broadly classified as being either *natural* or *negotiated*.[4] Figure 2 depicts each of the types of strategic consensus

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[4] Our theorizing develops "ideal types" (c.f., Weber, 1946; Doty & Glick, 1994)—that is, we sought to identify the "distinct theoretical profiles or types" of strategic consensus that offer "a set of theoretical coordinates"

based upon the decision makers' minimum preference thresholds (and decision alternative 2 as the decision outcome).

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Insert Figure 2 about here

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Natural Strategic Consensus: Aligned or Discovered

The first two strategic consensus types are *natural* in that they both occur when the strategic decision outcome is in accordance with the pre-existing preferences of all decision makers—i.e., the selected alternative is at or above the minimum preference threshold of all decision makers—and thus there is no need to alter any decision maker's preferences or minimum preference threshold to arrive at a consensual selection. While a potential consensus naturally exists in both types, the *aligned strategic consensus* occurs when the decision makers all share the same maximal preference from the outset, whereas the *discovered strategic consensus* occurs when the decision makers naturally share an alternative that is at least minimally acceptable to all and identify that such is the case.

Aligned strategic consensus. As Figure 2a depicts, an aligned strategic consensus occurs when all decision makers share the same decision alternative as their maximal preference (see decision alternative 2). While there are undoubtedly many reasons that this type of consensus may occur, it seems most likely when some type of cognitive homogeneity exists among the TMT that leads to them to have the same beliefs as to which decision alternative is the most

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(Cornelissen, 2017: 6) which problematize and capture the construct in a simple manner, and provides for a deeper understanding of how these different types of strategic consensus may relate to other constructs. As such, we recognize that there is likely to be a great deal of complexity in the way that the decision participants' preferences pre-exist, are altered and ultimately combine. We revisit this issue in the discussion section.

effective (and likewise those which are deemed as less effective or unacceptable). For instance, this outcome may occur when executives share cognitions, values, and mental models (Kraiger & Wenzel, 1997; Mathieu, Heffner, Goodwin, Salas, & Cannon-Bowers, 2000) or when TMT members have similar past experiences (e.g., from the same industry or functional backgrounds), demographics, or educational backgrounds (Knight et al., 1999; Olson, Parayitam, & Bao, 2007; Priem, 1990). It is also worth noting that this type of consensus most closely resembles the conventional, agreement-based, notion of strategic consensus: in this situation the group can readily agree on the same strategic choice to reach a consensual decision outcome.

Discovered strategic consensus. A natural consensus can also occur when there are one or more decision alternatives that are above the minimum preference threshold of all the decision makers. Because the decision alternative is not maximally preferred by every decision maker—and may even not be the most preferred alternative for any—this type of natural consensus decision is *discovered*. That is, the fact that one of the alternatives (or perhaps even several) are acceptable to all is uncovered. Even though the opportunity for consensus exists when all decision makers share (at least) a minimally acceptable alternative, it is important to note that a consensus decision outcome may not be realized in this situation. Figure 2b (again, see decision alternative 2) depicts a potential discovered strategic consensus. This also represents a replication of Figure 1, and as already mentioned above, a group focused on optimality (maximal preferences)—i.e., on agreement as to the most effective alternative—may not discover that an alternative acceptable to all exists, and thus, a strategic consensus may not be achieved even though it is naturally at hand.

Negotiated Strategic Consensus: Calculated or Acquiesced

Both types of a *negotiated* strategic consensus occur when no single decision alternative is initially above the minimum preference threshold for one or more of the decision makers. Acceptance of the decision alternative therefore occurs either because one or more of the decision makers change their initial preference for the particular alternative (*calculated strategic consensus*) or because one or more of the decision makers cede their preferences to accept the alternative (*acquiesced strategic consensus*). While we draw upon basic negotiation outcomes— i.e., problem solving (satisfying everyone's aspirations), yielding (reducing one's own aspirations), and contending (ceding one's aspirations to another's) (Pruitt, 1983)—in developing and labeling these two strategic consensus types, it is ultimately the choices of the decision makers with regard to the alternatives that is of theoretical concern here, and not the specific process by which these two types of consensus decision outcomes came about. Indeed, the particular decision processes could include, but are not limited to open debating, bargaining, sensegiving, coopting, trust building, behind-the-scenes politicking, reciprocal arrangements, or the forming of an alliance among participants (e.g., Dean & Sharfman, 1996; Eisenhardt & Bourgeois, 1988; Korsgaard, Schweiger, & Sapienza, 1995; Thomas et al., 1993).

Calculated strategic consensus. A *calculated* strategic consensus occurs when one or more of the decision makers voluntarily change their preference for a particular alternative— while initially the alternative was viewed by the particular decision maker(s) as ineffective (i.e., unacceptable; below their minimum preference threshold(s)), the perceived effectiveness of the alternative is revised during the group decision-making process as a calculated change in preferences. Put in negotiation terms, the calculated strategic consensus comes about either 1) through some form of problem-solving in which the focal decision maker comes to see the

particular alternative as effective based upon the information and different perspectives shared by the other decision makers (e.g., dialectical inquiry, devil's advocacy, etc.: Liu, Friedman, Barry, Gelfand, & Zhang, 2012; Stagner, 1969), or 2) through a change in the aspirations of the decision maker(s) that aligns with the decision alternative—sometimes referred to as "yielding" in the negotiations literature (e.g., Pruitt, 1983). Indeed, research on social influence suggests that participant preferences can change simply through interacting with or learning the opinions of other group members (for reviews of this literature, see Guadagno & Cialdini, 2010; Wood, 2000). Furthermore, theory and evidence on cognitive dissonance suggests that individuals can also come to accept a non-preferred alternative on their own accord—i.e., they are not coerced to do so—by adjusting their preferences for the alternative (DeJong, 1979; Dillard, 1991; Festinger & Carlsmith, 1959; Freedman & Fraser, 1966).

It is important to note that fundamental to this type of strategic consensus is that the change is based upon the decision maker's voluntary embrace of new information or alternative perspectives—i.e., the decision maker accepts the alternative without feeling coerced to do so. As Figure 2c depicts, the particular decision maker in question—in this scenario the legal counsel—becomes convinced that decision alternative two is indeed acceptable even though it was initially perceived as ineffective (i.e., was below the legal counsel's minimum preference threshold). Given that alternative two is acceptable to all other TMT members in this depiction, this change in preference by the legal counsel yields a calculated strategic consensus.

Acquiesced strategic consensus. Unlike in the calculated strategic consensus, in which a focal decision maker's preference for a specific decision alternative changes, the decision maker's preferences remain unchanged in an acquiesced strategic consensus. In this case the decision maker instead offers no opposition, due to some form of coercion. In going along with

the decision, the decision maker essentially accepts the decision by ceding his or her goals. This is analogous to "contending" in the negotiations literature (Pruitt, 1983) wherein one accepts another's position purely due to the power of the latter. This means that the decision maker suspends their minimum preference threshold for the particular decision, which we illustrate in Figure 2d as a ceding (or removal) of the particular participant's (depicted again as the legal counsel) minimum preference threshold (again, with respect to decision alternative 2).

While TMT power differences (e.g., Detert, Burris, Harrison, & Martin, 2013; Morrison & Milliken, 2000) are perhaps the most obvious factor that would produce an acquiesced strategic consensus, there are a variety of other team-level factors, such as structural interdependence between the decision makers (e.g., Hambrick, Humphrey, & Gupta, 2015) or pluralistic ignorance (e.g., Halbesleben, Wheeler, & Buckley, 2007; Westphal & Bednar, 2005), as well as organizational-level factors that may also result in such acquiescence, such as a culture that discourages people from speaking up (e.g., Morrison & Milliken, 2000). In addition to coercion, an acquiesced strategic consensus may also occur when the focal decision maker does not dissent for reciprocity reasons (i.e., the participant stands aside for a decision important to a colleague who in the past stood aside for a decision important to the participant: Malhotra, 2004; Pillutla, Malhotra, & Murnighan, 2003; Song, 2009).

In sum, we have proposed four different ideal types of strategic consensus—two of which occur naturally (aligned and discovered) and two that are negotiated (calculated and acquiesced). As we now discuss, these four types of strategic consensus generate different types of psychological bonds that TMT members hold for the strategic decision.

STRATEGIC CONSENSUS TYPES AND THE PSYCHOLOGICAL BONDS THEY GENERATE

Past scholarship on strategic consensus has essentially considered commitment to be an inherent dimension of strategic consensus (see Kellermanns et al., 2005). We suggest that this past work incorrectly confounded separate constructs based upon two faulty assumptions.

First, while past work clearly had an intended focus on strategic consensus as an outcome, it nonetheless typically used process-oriented reasoning in explaining why strategic consensus inherently involves commitment. The assumption has essentially been that a strategic consensus among the TMT (i.e., consensus as a decision outcome) reflects a consensus-building approach to making the strategic decision (i.e., consensus as a decision process) (see Dooley et al., 2000; Priem et al., 1995). For instance, Dooley et al. (2000) explain that the relationship between strategic consensus and strategic commitment occurs because "[d]ecision consensus reflects the belief among team members that the concerns and problems voiced about a proposed decision were resolved during the decision-making process" (2000: 1240). As we have discussed above, our conceptualization of strategic consensus, and its different types, are process agnostic; we do not assume that consensus building techniques (e.g., open dialogue, information sharing, and mental model convergence; Liu et al., 2012) were used to arrive at the strategic consensus outcome. Therefore, rather than simply assume that strategic consensus is inherently accompanied by commitment to the strategic decision, we treat the psychological bond that decision makers hold toward any particular strategic decision as a separate construct, and seek to explain why certain types of bonds are generated by the different strategic consensus types.

Second, just as past research on strategic consensus has assumed that all strategic decisions reflect some degree of consensus (i.e., ranging from low to high agreement), it has also

assumed that all strategic decisions will result in some level of commitment—i.e., as though this particular psychological bond to the strategic decision will necessarily occur to some degree (i.e., ranging from low to high commitment) (Dess, 1987; Noble, 1999; Wooldridge & Floyd, 1989). Yet, recent theory and research on commitment has dispelled the assumption that all workplace bonds involve some degree of commitment (Klein et al., 2012), and instead suggests that commitment is just one of four types of psychological bond that an individual could develop toward a particular target within organizations: individuals develop acquiescence, instrumental, commitment, or identification bonds, which differ in the psychological involvement, motivation, and efforts they entail toward the target[5]. Furthermore, this recent theory emphasizes that such bonds can apply to a host of targets (i.e., to an organization, department, team, project, decision or task) and not simply just to the organization. In short, this extant research on commitment suggests that it is not conceptually accurate to assume that strategic consensus will induce some degree of commitment as other psychological bonds could also be forged with the strategic decision, and that the strategic decision serves as the target to which any of these bonds apply.

Insert Figure 3 about here
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[5]Klein et al. (2012) further emphasize that 1) although these different bond types exist along a continuum, the "continuum is discontinuous, with discernable segments" such that each segment reflects "a distinct construct because of the differences in how individuals make sense of, experience, and react to the bond" (: 133), 2) because they are distinct constructs, "[o]ne bond type is not necessarily stronger than the others" and "variation in bond strength thus lies" within each type rather than between types (: 135)—i.e., one could have a stronger or weaker commitment bond, or have a stronger or weaker instrumental bond to a particular target, and 3) the boundaries between adjoining bond types "are not clean demarcations but zones of overlap" and thus "it is possible to experience a bond as a mix of adjoining types within zones of overlap" (: 135).

Therefore, we build on this literature to consider how the different types of strategic consensus achieved affect the psychological bonds formed by the decision making group, as depicted in Figure 3. In brief, Klein et al. (2012) suggest that acquiescence bonds are viewed as compulsory or coerced, and thus entail, at best, compliance involving a minimal effort toward the target, and at worst, psychological indifference or withdrawal. Instrumental bonds, being transactional by nature, engender a compliance that is "experienced as the calculated acceptance of the bond" based upon the costs/benefits of sticking with the target (2012: 135). Commitment is considered to be a "volitional psychological bond reflecting dedication to and responsibility for a particular target" (Klein et al., 2012) and thus involves a high level of psychological involvement, caring, and effort toward the target. Finally, identification bonds involve the highest level of psychological investment and effort, as they go beyond commitment to the target to also entail a merger of the target with the self—for instance, in our context, the latter would mean that the strategic goals of the firm are internalized by the top management team. In considering the relation between strategic consensus types and bond types, we limit our theorizing to the post-decision bond type—i.e., in the immediate and short-term—as there are a host of factors that may impact the type of bond held for a target over time (Klein et al., 2012).

Regardless of which of these psychological bonds the strategic decision-making group— i.e., the TMT—is forged to the strategic decision, we conceive it to be based upon the bond type of the least psychologically involved member. Our assumption is that a lack of psychological involvement and efforts by just one of the TMT members is critically detrimental to enacting the strategic decision (Ansoff, 1965; Bower & Doz, 1979; Simon, 1957). This assumption is based upon the generally interdependent nature of TMTs (Hambrick et al., 2015); the failure by even one TMT member to exert effort or apply sufficient resources toward the strategic decision

surely undermines its priority and most likely the achievement of its strategic intent, even if one or more of the other TMT members are highly invested in the decision (Mathieu, Tannenbaum, Donsbach, & Alliger, 2014). For example, consider a strategic decision to maximize revenues, to which the VP of Sales holds a commitment bond, but to which the VP of operations only holds an acquiescent bond. In this case, even if the VP of Sales dedicates a high degree of effort and resource allocations to generating increased revenues, the VP of Operations will only be likely to sufficiently fulfill the orders, if possible, thereby threatening or even undermining achievement of the strategic decision[6]. Put in measurement terms, our conception of a group-level bond calls for a conjunctive aggregation method (Steiner, 1972), which in this context essentially reduces the group's bond to the bond type of the lowest psychologically involved individual TMT member (Barrick, Stewart, Neubert, & Mount, 1998; LePine, Hollenbeck, Ilgen, & Hedlund, 1997). Put another way, an additive, correlative, or agreement method of aggregation ignores the deleterious effect that the lowest member of the group has in this context (Chan, 1998).

Based on the foregoing, we first contend that an aligned strategic consensus, wherein the decision alternative is the maximal preferred decision outcome for all decision makers—and thus the lowest member has their maximal preference met—is likely to result in an identification bond to the strategic decision, i.e., a bond "defined by the merging of the self with the target" (Klein et al., 2012: 133). The identification bond involves a high level of psychological involvement, continuation, and effort to the strategic decision on the part of the decision makers that goes beyond commitment as it entails the internalization of the strategic decision. Because strategic

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[6] While our example here invokes a functionally-based TMT, our theorization also applies to divisionally-based TMTs, as even among the latter the least psychologically involved member will tend to undermine the strategic decision through their (lack of) resource allocations toward the decision (e.g., Moon et al., 2003).

decisions pertain to goals and values, and the decision outcome in this type of strategic consensus reflects the maximal preference of the participants—i.e., their goals and values—an identification bond with the decision is highly likely (Ashforth & Mael, 1989). Formally, we propose that

Proposition 1: An aligned strategic consensus generates an identification bond to the strategic decision.

We next propose that the discovered strategic consensus is the type most likely to result in a commitment bond to the strategic decision. In so doing, we follow Klein et al. (2012) to define commitment as a volitional psychological bond that involves dedication to, and responsibility for, the particular strategic decision. This means that when a commitment bond is formed, not only is the decision accepted, but also that the TMT member "chooses to accept responsibility for and to dedicate oneself to the target" (Klein et al., 2012: 137). Commitment therefore importantly entails a high level of psychological involvement in the decision, a strong willingness to devote a great deal of effort and resources in support of it, and a high likelihood of "continuation"—or "sticking with the target" (Klein et al., 2012: 143)—both in terms of one's intentions and behaviors. In short, a TMT with a commitment bond to the strategic decision would mean that the members embrace the choice and exert effort and apply resources to achieve its success; for any particular decision participant, commitment to the strategic decision means that the participant is psychologically "bound by his actions and through these actions to beliefs that sustain the activities and his own involvement" (Salancik, 1977: 62).

When a discovered strategic consensus is achieved, the decision alternative selected is one that each and every member already holds as acceptable (i.e., above their minimum preference threshold). Thus, the three essential criteria for the decision to yield commitment are

very likely to be met: not only does every decision participant clearly accept the decision voluntarily, but each member will also very likely take responsibility for, and even be dedicated to, the decision once it's made. Moreover, because the discovered strategic consensus involves one or more decision makers who accept an alternative that is not maximally preferred (and perhaps even minimally preferred), it is not likely to lead to the highest level of psychological involvement—i.e., an identification bond. While the attractiveness of alternatives in decision making has largely gone unexamined in the management literature, extant evidence from a wide variety of settings, including customer loyalty in marketing (e.g., Ping, 1994; Wu, 2011), partner commitment in professional services (e.g., Sharma & Patterson, 2000; Yim, Chan, & Hung, 2007), player and coach burnout in sports psychology (e.g., Raedeke, 1997; Raedeke & Granzyk, 2000), and interpersonal relationships in social psychology (e.g., Johnson & Rusbult, 1989; Rusbult, 1980) clearly shows that one's psychological involvement is strongest when more attractive alternatives do not exist. Formally, we propose that

> *Proposition 2: A discovered strategic consensus generates a commitment bond to the strategic decision.*

In contrast to the high psychological involvement generated by the two types of natural strategic consensus, we posit that the two types of negotiated strategic consensus engender relatively lower levels of psychological involvement which essentially involve varying forms of compliance toward the strategic decision: a calculated strategic consensus yields an instrumental bond while an acquiesced strategic consensus generates an acquiescence bond. According to Klein et al. (2012), instrumental bonds are transactional in nature, as they "are experienced as the calculated acceptance of the bond" (: 135). While such bonds are voluntary—i.e., they are not coerced—they tend to be a calculation based upon the decision maker's perception of the

benefits of accepting the target, and the costs of not accepting it. Indeed, Klein et al. (2012) suggest that instrumental bonds are largely defined by the latter, and that these costs can be economical, behavioral, or social in nature. Because this bond entails a TMT member's compliance with the strategic decision, it manifests in somewhat of a tenuous psychological involvement in the decision, and relatively less effort and resource allocations put toward the decision, and a more fragile continuation with it as compared to commitment or identification— given its calculative basis, whether or not the decision participant(s) stick with the decision is open to re-evaluation as additional information and performance feedback is incorporated.

We therefore propose that a calculated strategic consensus will result in an instrumental bond with the strategic decision. In a calculated strategic consensus, at least one decision maker alters her or his minimum preference for the decision alternative—from ineffective to effective— in a volitional and deliberate manner. This change in preference, and thus acceptance by the decision maker(s), is a calculative one, and thus likely to remain open to continuing evaluation and scrutiny (e.g., Ping, 1994; Rusbult, 1980; Sharma & Patterson, 2000). While the level of psychological involvement in this situation is likely to be fairly strong, the dedication and responsibility to the strategic decision (i.e., as required for a commitment bond) by the maker(s) that changed their preferences to reach the calculated strategic consensus will remain somewhat tenuous as the efforts, resources and continuation devoted to the decision will likely be subject to an ongoing evaluation of the perceived costs and benefits of the alternative in the face of new information about it. Formally, we propose that

> *Proposition 3: A calculated strategic consensus generates an instrumental bond to the*
> *strategic decision.*

Finally, Klein et al. (2012) suggest that acquiescence bonds are compulsory in nature as they occur when individuals feel coerced to go along with the target, or have no alternative but to accept the target. In other words, acquiescence bonds form when the individual performs subsequent tasks because they *have to* rather than because they *want to.* As such, this type of bond at best involves psychological indifference, and at worst may entail psychological withdrawal or even the sabotaging of the decision. As discussed above, this is because volition— i.e., individuals' perceptions that their behaviors are being taken out of free choice (Kline & Peters, 1991)—is critical for psychological involvement with a target (Klein et al., 2012; Salancik, 1977). Therefore, acquiescence bonds typically manifest in a form of compliance that involves minimal effort toward the target, and the continuation with the target is reliant on the presence of coercive mechanisms such as rewards or threat of punishment.

We posit that an acquiesced strategic consensus generates an acquiescence bond with the strategic decision. As discussed above, this type of strategic consensus involves at least one TMT member who cedes her or his aspirations to accept or at least not oppose the chosen decision alternative, precisely because she or he feels coerced (e.g., due to TMT power dynamics, etc.) or obligated (e.g., due to reciprocity reasons) to do so. Moreover, to the extent that the conceding TMT member(s) has(ve) unfairness perceptions regarding the achievement of the decision— which is likely if the individual(s) felt that they couldn't register their dissent or opposition to the decision alternative—then this also heightens the likelihood of an acquiescence bond. This is consistent with meta-analysis findings on perceptions of procedural unfairness (Colquitt, Conlon, Wesson, Porter, & Ng, 2001). Formally, we propose that

> *Proposition 4: An acquiesced strategic consensus generates an acquiescence bond to the*
> *strategic decision.*

In sum, the type of strategic consensus achieved determines the type of bond that the TMT will hold toward the decision. That bond is determined by, and a reflection of, the least psychologically involved TMT member. Thus, contrary to earlier conceptions, our theorization suggests that not all types of strategic consensus result in commitment to the strategic decision. Only natural types—aligned and discovered—of strategic consensus yield bonds that engender a level of psychological involvement of commitment (or greater) to the strategic decision (i.e., internalization bonds go beyond commitment); the negotiated types—calculated and acquiesced—of strategic consensus generate instrumental and acquiescence bonds, respectively, and therefore essentially result in compliant involvement and behaviors. As we now discuss, these very different types of bonds to the strategic decision generated by the different types of strategic consensus differ in their substantive implications for how the strategic priorities of the firm are perceived—and thus our foregoing theorizing paves the way for examining how strategic consensus influences strategic climate.

STRATEGIC CONSENSUS AND STRATEGIC CLIMATE

Strategic climate is a critically important organizational phenomenon that is influenced by strategic consensus, and the past conflation of these two constructs has masked the complex relationship that exists between them. In order to fully unpack this relationship, it is first important to understand that strategic climate—as organizational members' shared perceptions—is crucially shaped both by the initial achievement of a strategic consensus and by its subsequent enactment by the top management team (Zohar & Hofmann, 2012; Zohar & Luria, 2005).

Our starting premise in this regard is that when a strategic consensus is reached, this has a symbolic influence on strategic climate: when TMTs achieve a strategic consensus on a decision, this conveys a shared belief among top executives that the decision is a strategic priority, which

in turn increases the likelihood that all other managers and employees will then similarly view the decision as a strategic priority (Gioia, Thomas, Clark, & Chittipeddi, 1994). Moreover, this symbolic effect occurs regardless of the type of consensus reached: it is impossible for managers and employees who do not directly participate in the strategic decision-making to know what type of consensus was achieved—they only know that one was reached (cf., Bowman & Ambrosini, 1997; Hodgkinson & Johnson, 1994). This type of symbolism has been noted as a critical component of climate development (e.g., Ashforth, 1985; Zohar & Hofmann, 2012) for two primary reasons. First, symbolic acts by those in power promote what is important and will be rewarded, a key component of climate perceptions. Second, such collective acceptance by the top executives serves as a social influence that unifies other organizational members around similar values and beliefs.

While we assume that the achievement of a consensus on a strategic decision has this symbolic influence on organizational members' perception of the priority of the decision, strategic climate is crucially shaped by how well the subsequent enactment of the strategic decision by top management aligns with this initial perception (Zohar & Hofmann, 2012; Zohar & Luria, 2005). In other words, it is ultimately the actions of the top executives that "informs the employees of their behavior-outcome expectancies" (Zohar & Hofmann, 2012: 647). It is when the espoused and enacted strategic priorities of the firm are aligned that strategic climate is strengthened, as consistency between symbol and substance sends a clear message that the strategic decision is in fact a priority of the firm (Simons, 2002; Zohar, 2003). When top managers fail to enact their espoused strategic priorities—i.e., symbol and substance are decoupled (Westphal & Zajac, 1994)—this creates confusion or doubt among organizational

members about whether the strategic decision is a priority, thereby weakening strategic climate (Zohar & Hofmann, 2012).

Given that our theorization above suggests that each of the different strategic consensus types, through the various psychological bonds that they generate toward the strategic decision, manifest in different substantive enactments of the strategic decision—i.e., different levels of psychological involvement, effort and resource allocations, and continuation—this implies that the various types of strategic consensus have differential substantive effects on strategic climate.

Before further developing how and why these effects occur, it is important to note that any given strategic consensus can only serve to strengthen, maintain, or weaken the existing strategic climate (i.e., increase, maintain, or decrease the degree of shared understanding). This is due to two aspects of the nature of the relationship between strategic climate and strategic consensus. First, as alluded to earlier, strategic climate is based upon the culmination of strategic decisions, and thus each strategic decision—whether or not it involves a strategic consensus—is perceived by organizational members among a broader constellation of strategic decisions and actions taken over time (Mintzberg, 1978). Therefore, strategic climate—be it a strong or weak one—exists within an organization prior to any given strategic decision and consensus. Second, strategic climate occurs on a continuum (i.e., it is the degree of shared understanding about strategic priorities), whereas strategic consensus, and the psychological bonds it generates, exist as types. With this in mind, we now develop propositions of how each type of strategic consensus relates to strategic climate, through the respective psychological bonds (see Figure 3).

Both an aligned and a discovered strategic consensus induce a high level of TMT psychological involvement toward the strategic decision, as they generate identification and commitment bonds, respectively, and thus the TMT's effort, resource allocations, and intent to

continue toward the strategic decision perfectly align with, and work to greatly substantiate, organizational members' initial perceptions from the strategic consensus that the decision is a priority. Therefore, we argue that when either type of a natural strategic consensus (aligned or discovered) is achieved, there is a tight coupling between symbol and substance, which has a strengthening effect on strategic climate. Research on ethical climates which has shown that the involvement of top management teams (i.e., their commitment to acting ethically) directly influences the perceptions of employees about whether ethical behavior is a priority of the firm (Grojean, Resick, Dickson, & Smith, 2004; Mulki, Jaramillo, & Locander, 2009; Shin, 2012), and moreover the findings by these studies that this example setting behavior by top executives then may also lead to employees engaging in such behaviors, is supportive of our contention.

While both types of natural consensus have a strengthening effect on strategic climate, we expect that this effect will be stronger for an aligned strategic consensus than for a discovered strategic consensus. Climate researchers have long held that leadership actions directly shape the strength of climates in organizations (e.g., Kozlowski & Doherty, 1989), most notably through their informing behaviors (González-Romá, Peiró, & Tordera, 2002) and through their actions (Luria, 2008; Zohar & Luria, 2004), which signal the achievements expected and valued by the leaders (Dragoni, 2005; Dragoni & Kuenzi, 2012). Because an aligned strategic consensus involves a strategic decision that is seen as optimal by all TMT members, and generates an identification bond such that the decision is internalized by the TMT, this type of strategic consensus results in the highest levels of TMT psychological investment and effort (Klein et al., 2012). Therefore, not only do we formally propose that both natural types of strategic consensus strengthen the strategic climate, but also that an aligned strategic consensus has a stronger effect on the strategic climate than does a discovered strategic consensus.

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Proposition 5: Both an aligned and a discovered strategic consensus have a strengthening effect on strategic climate through the identification and commitment bonds they generate toward the strategic decision by the TMT, respectively, and this effect is stronger for the aligned strategic consensus.

Whereas the substantive actions that flow from the two natural types of strategic consensus strengthen the strategic climate, as they clearly align with the initial perceived priority of the strategic decision, the psychological bonds generated by both types of negotiated strategic consensuses (calculated or acquiesced) result in very different substantive effects that are not as well aligned with initial priority perceptions of the strategic decision.

First, we suggest that a calculated strategic consensus, at best, maintains the priority perceptions among members of the organization that the strategic consensus creates. As discussed above, this type of strategic consensus yields an instrumental bond, which tends to involve compliant efforts, resource allocations, and continuation toward the strategic decision rather than committed ones. The rather tentative substantive actions, while supportive, simply maintain an organizational shared perception about the priority of the strategic decision to the firm. O'Reilly and Chatman's (1986) study of intra- and extra-role behaviors offers support for this argument. They found that different levels of psychological involvement predicted extra-role behaviors in individuals, but not intra-role behaviors. Unlike with higher levels of involvement (i.e., commitment), their results show that compliance was unrelated to extra-role behaviors but had no significant effect on intra-role behaviors. Additional support for our assertion can be found in a more recent study by Moon and colleagues (2003): their findings suggest that individual decision makers tend to make only incremental investments, or even invest less, into a selected project (i.e., spread resources more evenly across multiple projects rather than focus

resources on a given project) when the project chosen by the group was deemed less desirable than the other decision alternatives by the individual decision makers.

Thus, while the compliant substantive involvement and actions toward the strategic decision that accompany the instrumental bond generated by a calculated strategic consensus are congruent with the initial symbolic effect of the strategic consensus, the calculated and tentative nature of substantiation works to maintain the current level of strategic climate: it neither further enhances nor erodes the shared perceptions of organizational members.

Proposition 6: A calculated strategic consensus maintains the strategic climate (neither strengthening nor weakening it) through the instrumental bond it generates toward the strategic decision.

Finally, an acquiesced strategic consensus will weaken the strategic climate. This is because this type of strategic consensus yields an acquiescence bond and thus one or more of the TMT members put forward only minimal efforts and resource allocations toward the strategic decision, and likely exhibit(s) no intentions to stay with it. Indeed, to the extent that the TMT member(s) feel psychologically withdrawn from the decision, they are more likely to use ambiguous language when discussing the importance of the strategic decision (Weingart, Behfar, Bendersky, Todorova, & Jehn, 2015), downplay or delay any efforts or resource allocations specific to the decision (Duffy, Ganster, & Pagon, 2002; Rook, 1984), or possibly undermine other TMT member efforts through sabotage (Ambrose, Seabright, & Schminke, 2002; Bennett, 1998). Because such TMT member's minimal substantive actions are decoupled from the initial perceptions of consensus, this at the very least creates confusion among the lower level managers and employees that observe them. It more likely creates the perception, at least among such TMT member's direct reports, that this particular strategic decision is not truly a strategic priority.

Therefore, the lack of substantive involvement and actions that accompany an acquiesced strategic consensus, through the acquiescence bond it generates, work to erode the shared perceptions of the firm's strategic priorities, and thereby weaken strategic climate.

Proposition 7: An acquiesced strategic consensus weakens strategic climate through the acquiescence bond it generates toward the strategic decision by the TMT.

DISCUSSION

The extant literature on strategic consensus reflects a vast inconsistency in how the construct has been defined and measured, and this lack of conceptual clarity has resulted in an accumulation of empirical evidence over the past four decades that lacks coherence and is highly equivocal (Kellermanns et al., 2005). We contend that recent attempts to reconcile the various construct definitions have culminated in a broad view of strategic consensus that conflates it with strategic climate—which in itself is a distinct construct. We posit that this past conflation is a result of two flawed assumptions that underlay the extant literature: that all strategic decisions result in some degree of consensus, and that strategic consensus necessarily implies commitment to the decision. We challenge these assumptions and draw upon the relevant respective literatures on decision making and commitment to offer a re-conceptualization of strategic consensus that more accurately defines it, distinguishes it from strategic climate and commitment, and thereby allows for a fuller understanding of the complex and asymmetrical relationships that strategic consensus has with each of these two separate constructs.

Based upon the extant decision-making literature, we suggest that strategic consensus is a group decision outcome in which all *deciding* social actors—typically, but not limited to, the TMT—*accept* (or at least not oppose) the particular strategic decision alternative (Davis, 1973). As such, it exists as a state, and we identify and develop four ideal types of strategic consensus—

aligned, discovered, calculated, and acquiesced—which, as a matter of acceptance, are built upon the minimum preference thresholds of the decision makers. Rather than presuming that a strategic consensus necessarily yields commitment toward the strategic decision, we posit that only the aligned and discovered strategic consensuses—as two types of natural strategic consensus—result in identification and commitment bonds, respectively, and thus in a strong psychological involvement with the strategic decision. On the other hand, the calculated or acquiesced strategic consensuses, or two types of negotiated strategic consensus, result in instrumental or acquiesced psychological bonds to the strategic decision, respectively, that, at best, involve a compliant psychological involvement. This then has major implications for the organization's strategic climate. While the achievement of a strategic consensus, regardless of its type, conveys a unified message to the rest of the organization that symbolically affects the shared awareness of strategic priorities, our theorization suggests that the differing substantive actions taken toward the strategic decision generated by the different types of strategic consensus may either strengthen, maintain, *or* weaken strategic climate.

Indeed, we believe that one of the most intriguing avenues for future research spurred by our theorization pertains to the investigation of this asymmetrical relationship that strategic consensus is proposed to have with strategic climate—as mediated through the psychological bond types generated by the strategic consensus types. First, it would be of great interest to examine our assumption that the achievement of a strategic consensus—regardless of the type—has a symbolic effect on lower-level managers and employees' perceptions of the strategic priorities of the firm. That is, future research could examine whether strategic climate perceptions strengthen immediately after a strategic consensus is reached. Second, research that examines the psychological bonds generated by the strategic consensus is critical to providing

further insights. For instance, studies could measure the resource allocations put forth toward the strategic decision by each of the TMT members (and their functional areas/units) and evaluate how these allocations affect the shared awareness of the firm's strategic priorities. Developing an understanding of how these substantive enactments affect the relationship between a strategic consensus and strategic climate is a crucial first step toward investigating how strategic consensus may potentially influence the effectiveness of the strategic decision's implementation, and ultimately, organizational performance. To the extent that natural types of strategic consensus essentially generate commitment whereas the negotiated types generate compliance, then the different strategic consensus types can no longer be treated as though they produce similar effects on these more distal outcomes (as past research has done).

Our theorization clearly has major implications for how future researchers operationalize and measure strategic consensus. The conceptualization of strategic consensus forwarded here requires future researchers to focus on specific strategic decisions and focus upon the actual participants involved in making the strategic decision(s) under study. For reasons of parsimony, we focused on top management teams as the decision makers, as it is typically the case that the TMT is the decision-making group. But it is important to note that strategic decisions from time to time may be made by a broader dominant coalition. While the top management team of a company represents formal roles, usually identified by either title (e.g., Finkelstein & Hambrick, 1990) or reporting structure (e.g., Carpenter & Fredrickson, 2001; Wiersema & Bantel, 1992), dominant coalitions tend to be issue-oriented and thus its members likely extend beyond the TMT. In any case, because the decision-making group can vary from decision to decision within the same firm, researchers should take steps to ensure that those people included in any study of

strategic consensus are actual decision makers and not just named executives of the firm (for specific examples of this, see Dess, 1987; Dooley et al., 2000).

Beyond identifying the specific strategic decisions and participants, perhaps the biggest challenge facing future researchers is in the determination of which of the strategic consensus types was achieved for the decision. This would involve assessments such as the following: 1) the initial preferences of each of the decision makers must be established for the set of decision alternatives under consideration (i.e., a ranking of each decision-maker's preferences for each alternative), 2) as part of ranking each decision maker's preferences, the researcher must identify which, if any, of the decision alternatives are deemed as ineffective, and thus unacceptable, by each participant (i.e., such alternatives would be below the minimum preference threshold of the participant), 3) the researcher must establish whether or not all decision makers accepted the decision, and if so, the determination of the type of strategic consensus achieved will be based upon comparing the initial preferences with the final decided upon alternative, and 4) an assessment must be made with respect to the decision makers who initially found the selected alternative to be unacceptable but ultimately accepted (or chose not to oppose) the selection: did they do so because they were convinced the selection was more preferable than initially assessed, or did they feel compelled to remain silent and thereby cede their preferences? While a participant/observer ethnographic approach may prove most beneficial to initially developing an empirical understanding of the strategic consensus types, future studies using a survey-oriented approach will undoubtedly also prove to be fruitful.

Another potentially promising area of future inquiry would be to examine whether and how the industry environment combines with the various strategic consensus types to affect strategic climate, implementation effectiveness, and even firm performance. For instance,

previous strategic consensus research has had a particular focus on how uncertain and dynamic environments moderate the relationship between strategic consensus and firm performance (Homburg et al., 1999; Kellermanns et al., 2011; Priem, 1990; West & Schwenk, 1996), and it would seem that future research that examines whether and how environmental uncertainty influences the type of strategic consensus achieved would seem especially promising: under highly uncertain conditions, TMT members' preferences for the decision alternatives may be less clear and thus such environments may be most conducive to decision-makers having more malleable preferences—and thus such environments may lend more to a calculated strategic consensus (and its corresponding instrumental bond to the decision). Along these lines, we have bounded our theorizing to the post-decision psychological bond generated by each strategic consensus type, but past research has suggested that the psychological bond developed toward a particular target (i.e., strategic decision) may change over time (Klein et al., 2012)—and thus future research could consider, for instance, how industry dynamism affects the durability of the psychological bonds generated by a particular strategic consensus type. More generally, future studies could also examine whether the psychological bonds generated by the different strategic consensus types change over time. While it seems likely that the identification bond generated by an aligned strategic consensus is quite durable, it may be, for instance, that while a calculated strategic consensus initially generates an instrumental bond, if the actions and involvement toward the decision prove fruitful over time, then a commitment bond may develop.

This points to another important implication of our theorizing for future research: while our ideal-type approach to the theoretical development of strategic consensus allowed us to unpack the complex interrelations that strategic consensus has with the psychological bonds it generates and with strategic climate, ideal types simplify the complexity that potentially

underlays the different strategic consensus types themselves, as well as the different types of psychological bonds that they generate. For instance, Klein et al. (2012) suggest that while the psychological bonds reflect discrete types, the strength of the psychological involvement *within* each bond type can vary. Thus, while we suggest that the psychological bond type generated by each strategic consensus type is firmly anchored by the least psychologically involved decision maker, the level of psychological involvement and efforts put forth *within* each of the bond types generated will undoubtedly vary. Moreover, this variance within each bond type could derive from multiple sources. For example, while an instrumental bond is generated when one or more decision makers change their beliefs about a decision alternative, such that it moves from being below to above the decision maker's minimum preference threshold, the strength of this instrumental bond could lay anywhere from being a weak instrumental bond that is quite tenuous and open to constant reevaluation, to a strong instrumental bond that is less tenuous and not as open to reevaluation. Indeed, because individuals seek to behave in a manner consistent with their previous choices, especially when choices are volitional and publicly declared (Salancik, 1977), it is quite possible that the strong instrumental bond that emerges when a decision maker changes their beliefs about the effectiveness of a decision alternative may operate similarly to a weak commitment bond—as Klein et al. (2012: 135) have emphasized (and as we noted earlier), the boundaries between bond types "are not clean demarcations but zones of overlap."

Another potential source of this complexity worth mentioning is based upon the number of decision participants' minimum thresholds were changed to arrive at the consensus. That is, although for reasons of simplicity our illustrations depicted each strategic consensus type as a function of just one decision participant's minimum threshold, it is entirely possible that each strategic consensus type (with the exception of the aligned strategic consensus) is a function of

the minimum preferences of multiple decision participants: e.g., more than one participant may deliberately change their preference for the given alternative (calculated strategic consensus) or more than one participant may cede their preferences (acquiesced strategic consensus). Therefore, to the extent that such a multiplicity underlays any given strategic consensus type, it would potentially affect the strength of the particular psychological bond type generated. For instance, while a calculated strategic consensus yields an instrumental bond to the strategic decision, regardless of whether one or multiple decision participants change their minimum preference threshold, the instrumental bond generated will be stronger when only one participant changes their minimum preference threshold (as this means that the "weakest link" is comprised of only this decision participant who holds an instrumental bond to the decision) than when multiple decision participants change their minimum preference thresholds (as there will be several "weak links" here that hold an instrumental bond to the decision). Future research investigating this complexity is therefore necessary to fully understand the relationship between strategic consensus types and the strength of the psychological bonds they generate.

Another boundary condition to our theorizing pertains to the selection phase of the decision-making process (Mintzberg, Raisinghani, & Theoret, 1976). Strategic decision-making processes typically involve three phases (Mintzberg et al., 1976): the identification of decision alternatives, the development of participants' preferences for the alternatives, and the selection of an alternative by the decision makers (i.e., the strategic decision). Our theorization is placed in the last of these phases, and presumes that the decision makers have pre-developed preference levels toward a pre-identified set of decision alternatives. Future research could therefore delve into how the identification and development phases of the decision-making process affect whether a strategic consensus is achieved, and if so, its type. For example, CEO power would

seem to be an important factor that could potentially shape both the identification of alternatives (e.g., Finkelstein & D'aveni, 1994) as well as the development of the preferences of the TMT toward the alternatives (Finkelstein et al., 2009). With respect to the latter, it would seem that CEO power may be most impactful on the negotiated types of strategic consensus, as the mere disclosure of the CEO's preference could alter the preferences of others in the group (e.g., Guadagno & Cialdini, 2010), or perhaps even make TMT members feel it necessary to cede their preferences to the CEO's preferences. In short, researchers interested in understanding the strategic decision-making process itself can conduct inquiries into the identification of alternatives and development of preferences.

Finally, while our focus is specific to the strategic context, the conceptualization of consensus we've developed here—and thus the different consensus types—potentially generalizes to other contexts involving interdependent decision makers. Future research studying consensus (as a decision outcome) in such settings should concern itself with acceptance, rather than agreement, and the minimum preference thresholds of the decision makers. We also expect that the psychological bonds generated by each type of consensus will also generalize to other settings—and thus researchers in other contexts should likewise not simply presume that a consensus decision outcome automatically means that the decision makers are committed to the decision, and should focus attention toward the least psychologically involved decision maker.

In conclusion, our theorization about the relationship that strategic consensus has with strategic climate, as mediated through the psychological bonds it generates, advances theory particular to the strategic context. Our theorization importantly recognizes and properly incorporates the two different notions of consensus that exist in the broader literatures. That is, our definition of strategic consensus as acceptance among decision makers appropriately draws

upon the construal of consensus in the decision-making literature, while our definition of strategic climate as the broad agreement of strategic priorities properly draws upon the sociological and psychological notions of consensus as shared understandings. In so doing, we disentangle how a consensus decision outcome (i.e., strategic consensus) influences the more broadly held shared perceptions of the decision and its priorities (i.e., strategic climate) and thereby open the pathway for future research to investigate how both of these important, but separate, phenomenon may ultimately affect organizational effectiveness.

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**Figure 1: A Depiction of Strategic Decision-Makers' Preferences for Decision Alternatives[1]**
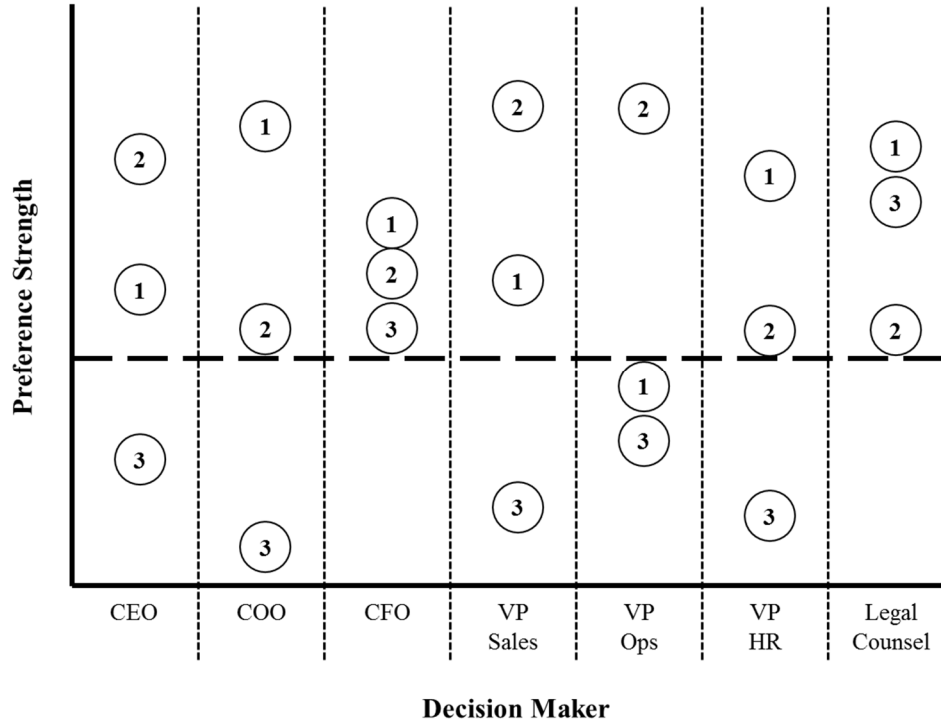
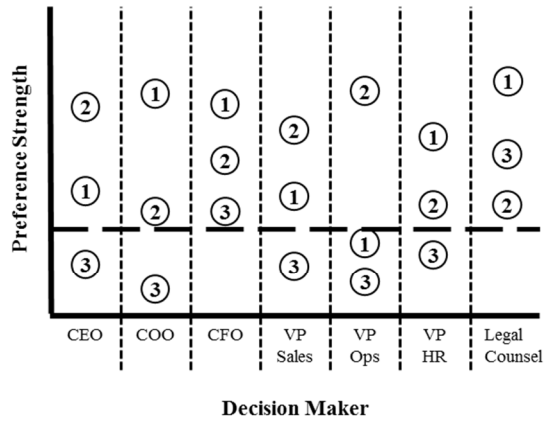(#) Decision Alternative

－－ Minimum Preference Threshold

[1] While we depict the minimum threshold as a constant across participants for simplicity, this threshold is assumed to vary across the participants. Here we seek to convey that the acceptability of any given alternative to each decision maker is subject to the particular individual's minimum preference threshold.
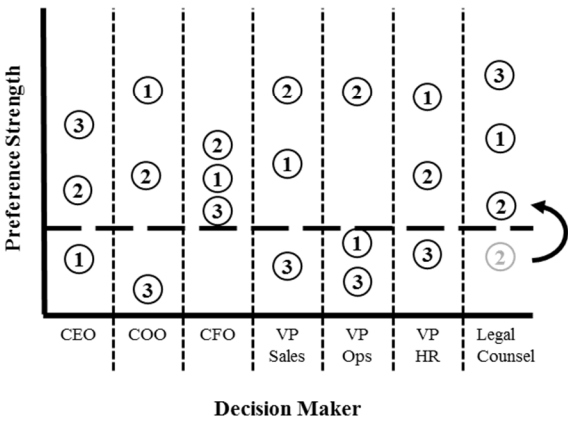
Figure 2: Strategic Consensus Types[1]
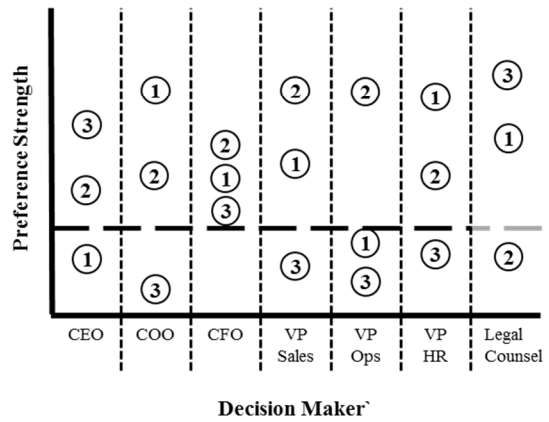
2.a. Aligned Strategic Consensus
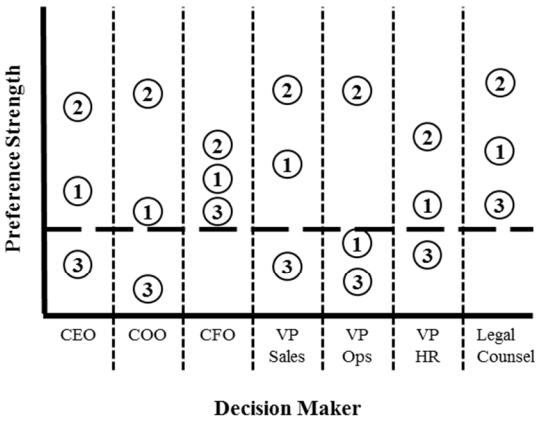
2.b. Discovered Strategic Consensus

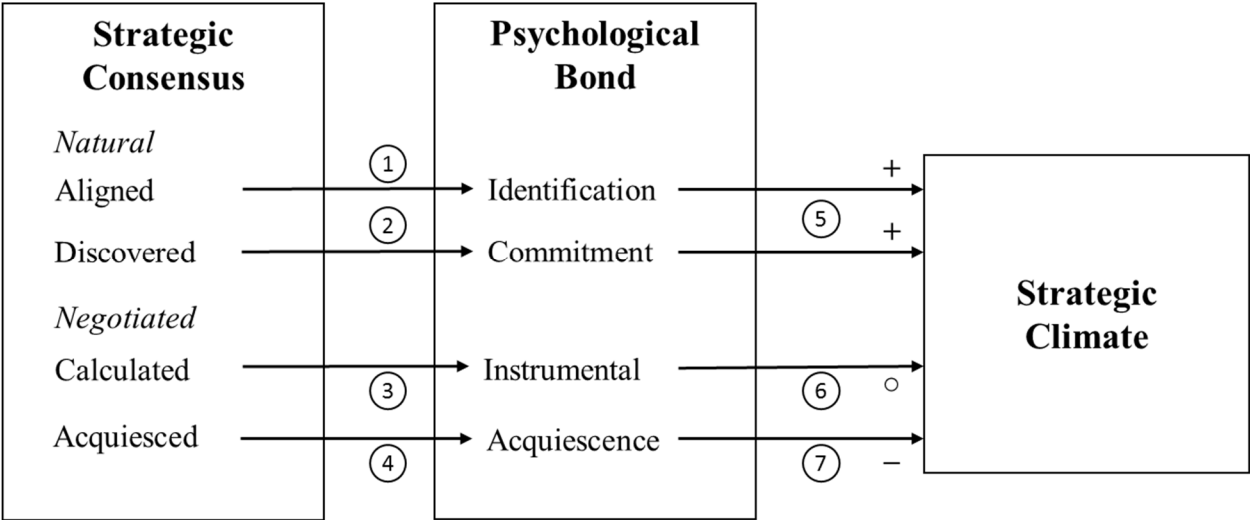## 2.c. Deliberated Strategic Consensus

2.d. Acquiesced Strategic Consensus

(#)   Decision Alternative

– –   Minimum Preference Threshold

[1] In all four strategic consensus types, decision alternative 2 represents the strategic decision outcome.

Figure 3: The Relationships between Strategic Consensus Types, Psychological Bonds, and Strategic Climate

Ⓐ Proposition Number

\+   Strengthens relationship

○   Maintains relationship

–   Weakens relationship

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