Enhancing strategic decision-making through knowledge management in high-tech firms

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Purpose: This study investigates how knowledge management practices influence strategic decision-making and their impact on strategic effectiveness in high-tech firms.

Design/methodology/approach: A theoretical model was developed and empirically tested through a survey involving 124 Italian high-tech firms. Data were analyzed using PLS-SEM.

Findings: Results demonstrate that knowledge management practices significantly enhance rational decision-making and reduce political behavior but have no significant effect on intuition. Only rationality positively influences strategic effectiveness, suggesting that systematic analytical approaches supported by knowledge management lead to better outcomes even in dynamic high-tech environments.

Originality: This study contributes to existing literature by: (1) empirically demonstrating how knowledge management practices enhance strategic decision-making, (2) advancing the debate regarding which decision-making style is most effective in high-uncertainty environments, and (3) providing insights into the relationship between environmental dynamism and decision-making effectiveness by integrating previously separate knowledge management and strategic decision-making literatures.

Research limitations/implications: Data collection limited to Italian high-tech firms restricts generalizability. Future research should employ longitudinal designs across diverse industries and cultural contexts.

Keywords: Knowledge management, Strategic decision-making, Rationality, Intuition, Political behavior, Strategic effectiveness

1. Introduction

After two decades of studies on decision-making, Nutt (2002) found that half the decisions made in organizations produce strategy failures and impose substantial costs on organizations. PriceWaterhouse Coopers (2004) corroborated Nutt's results and demonstrated that 97.5% of projects fail to achieve their objectives due to inadequate information management by top managers.

This is particularly true for companies operating in high-tech environments, which, by their very nature, are characterised by rapid market change. In high-tech environments, where competitive dynamics and technological uncertainty create additional complexity (Hodgkinson et al., 2009), the stakes are particularly high because poor strategic decisions can result in missed market opportunities, resource misallocation, and competitive disadvantage.

Strategic decision-making scholars contend that the quality of strategic decisions fundamentally relies on managers' ability to access, process, and effectively utilise relevant information and knowledge (Goll and Rasheed, 1997). However, they overlook the role of organisational capabilities to scan, analyse, and communicate information and knowledge, which serve as significant enablers for strategic decision-making.

Strategic decision-making (SDM), i.e. the process through which strategic decisions are formulated, has experienced a significant increase in importance over the past forty years (Elbanna et al., 2020; Cristofaro et al., 2023; Thanos, 2023) because it provides insights which contribute to enhancing the effectiveness of strategic decisions (Shepherd and Rudd, 2014).

The majority of studies that describe how managers process information to formulate a decision emphasizes the role of rationality, consisting of careful information collection and analysis to identify critical variables and reduce cognitive biases (Samba et al., 2021). Over time, some scholars highlighted that rationality was not effective in highly dynamic environments, and they have increasingly regarded intuition as a viable approach to strategic decision-making when managers must process substantial information quickly and simultaneously (Dane and Pratt, 2007). More recently, scholars have emphasised a third dimension of strategic decision-making, namely political behaviour, which involves using information to influence

decisions in favour of managers' personal interests within organisations. (Elbanna et al., 2014; Shepherd et al., 2020).

Each dimension may affect the effectiveness of decisions and, therefore, performance. Yet, findings on the relationship between SDM and performance remain inconsistent (Shepherd et al., 2020; Thanos, 2023). While studies predominantly indicate negative impacts of political behaviour, the effects of rationality and intuition vary significantly according to environmental dynamism and firm-specific characteristics (Petrou et al., 2020; Samba et al., 2021). Consequently, a deeper understanding of the strategic decision-making process and its influencing factors is necessary. This is especially pertinent for firms operating in highly dynamic environments, where formulating effective strategic decisions is inherently challenging due to rapidly occurring external changes.

As Goll and Rasheed (1997) noted, to better understand the link between SDM and performance, we should consider organisations' capability to scan, analyse, and share information. Knowledge management (KM) literature investigates processes and practices that ensure relevant information reaches the appropriate individuals at the right time (O'Dell et al., 1998). Indeed, KM is a valuable tool for optimising knowledge flows and providing managers with pertinent information (Holsapple, 2001). Numerous definitions of knowledge emphasize its close relationship with SDM (Turban, 1992; Davenport and Holsapple, 2006).

The KBV provides a unifying theoretical lens for understanding the relationships between knowledge management, strategic decision-making, and strategic effectiveness. Within this framework, knowledge management practices represent the organisational mechanisms designed to enhance processes of knowledge acquisition, creation, sharing, and utilisation (Grant, 1996+, altri autori che usano la parola pratiche), whilst SDM is mainly conceptualised as a process of knowledge utilisation (and in part acquisition), where the firm's knowledge is applied to complex, uncertain, and high-stakes problems. However, while rationality and intuition represent the utilisation of the firm's knowledge, political behaviour is viewed as a dysfunctional process that hinders effective knowledge utilisation. Ultimately, strategic effectiveness is the ultimate outcome of a firm’s ability to manage knowledge effectively, enabling it to reach its goals and enhance performance (Kogut & Zander, 1992).

In light of the above, we contend that knowledge management is a crucial factor in facilitating strategic decision-making by supplying managers with relevant information to make effective decisions. Consequently, we question: In what ways can strategic decision-making benefit from KM to enhance effective decisions? To answer this, we developed and empirically tested a theoretical model investigating the impact of KM on rationality, intuition, and political behaviour and their effects on the effectiveness of strategic decisions. We conducted a survey involving 124 Italian high-tech firms using PLS-SEM, demonstrating the relationship between KM, SDM and strategic effectiveness.

This paper provides a theoretical and empirical demonstration of the relationship between knowledge management and strategic decision-making, thereby influencing strategic effectiveness. In doing so, it expands the current understanding of the factors that affect strategic effectiveness. This paper contributes to the literature by i) showing how KM practices enhance SDM, ii) advancing the debate regarding which decision-making style is most effective in a high-uncertainty environment, and iii) providing empirical insights into the relationships between environmental dynamism and decision-making effectiveness. In detail, this study clarifies how different decision-making styles mediate the impact of KMPs on firm performance, revealing that the use of KM practices, boosting rationality and hindering political behaviour, is an important pathway to achieve success. By disentangling the different impacts of rationality of intuition, our study deepens the knowledge on which decision-making style is most effective in environments characterised by high uncertainty (Dean and Sharfman, 1996; Elbanna and Child, 2007), such as those faced by high-tech firms, demonstrating rational decision-making's quality advantages even in dynamic environments. Our study also marks the importance of integrating KM and SDM literature, which have largely evolved separately. We

establish an integrated theoretical framework that opens new avenues for exploring how other organizational and cognitive capabilities might similarly influence the effectiveness of different decision approaches.

This paper is organized as follows: Section 2 examines the existing literature on knowledge management and strategic decision-making; section 3 formulates our research hypotheses; section 4 details the methodology adopted for this research; section 5 reports the findings from our empirical analysis; section 6 discusses the implications of these findings and acknowledges the study's limitations; finally, section 7 end with conclusions.

2. Theoretical background

2.1. Knowledge management

This study is grounded in the Knowledge-Based View (KBV) of the firm, which posits that the firm is a social institution specialising in the integration and application of knowledge to generate economic value (Grant, 1996). In this perspective, knowledge is the most critical strategic resource for achieving and sustaining a competitive advantage, especially for high-tech firms operating in dynamic environments (Kogut & Zander, 1992). Firms' effectiveness depends on their ability to create, transfer, and apply knowledge efficiently (Kogut & Zander, 1992).

Knowledge management has emerged as a significant field within management studies over the last forty years, driven by the shift in value creation from physical assets to intangible elements such as knowledge (Hussinki et al., 2017a). The primary goal of KM is to leverage an organisation's knowledge assets to achieve a competitive advantage and enhance business performance (Chen and Fong, 2015). KM encompasses both processes and practices that facilitate the efficient and effective management of knowledge assets (Hussinki et al., 2017a).

KM processes involve the acquisition, creation, sharing, and utilisation of knowledge (Hussinki et al., 2017b). Since most of these processes naturally occur within companies, even without managerial control (Andreeva and Kianto, 2012), research that focuses solely on knowledge processes does not provide managers with actionable insights. A more recent line of thought, the knowledge governance approach, posits that to fully harness the competitive potential of knowledge, internal knowledge processes must be guided by governance structures and organizational mechanisms intentionally adapted by management (Foss and Minbaeva, 2009). So, the knowledge governance approach regards KM practices, which are controlled by managers, as more relevant to enhance business performance outcomes (Hussinki et al., 2017a).

Research on KM practices is characterised by dispersion and lacks consolidated conceptualisations (Hussinki et al., 2017b). Following Heisig's (2009) classification, Inkinen (2016) categorised KM practices into four macro-categories: human-oriented practices (related to culture, people, and leadership), technology-oriented practices (concerning ICT infrastructure and applications), organisation-oriented practices (design of organizational processes and structures), and management processes-oriented practices (related to strategy, goals and measurement). Within human-oriented practices, Inkinen (2016) identified knowledge-based HRM practices and KM leadership as vital for performance. HRM practices enhance knowledge acquisition, creation, sharing, and utilisation (Chen and Huang, 2009), while knowledge-oriented leadership encourages information flow by fostering trust, cooperation, and a culture of learning (Cabrera and Cabrera, 2005). Technology-oriented practices promote knowledge flows within organisations (Hussinki et al., 2017b), with ICT infrastructure aiding knowledge acquisition, creation, and sharing. Regarding organisation-oriented practices, key aspects include establishing dedicated organisational roles and groups that significantly

enhance firm performance (Lee et al., 2008), alongside decentralisation, which promotes interdepartmental communication and idea sharing vital for acquiring market information in competitive environments (Lee et al., 2012). Finally, management process-oriented practices focusing on elevating KM to a strategic level enable firms to identify critical strategic knowledge assets and leverage them for competitive advantage (Inkinen et al., 2015). In light of this, we conceptualise KM as a set of practices designed to enhance a firm's capacity to generate value (Andreeva and Kianto, 2012).

2.2. Strategic decision-making

Strategic decision-making can be viewed as a specific type of decision-making related to higher-order problems that occurs in situations of uncertainty (Schwenk, 1984). Strategic management literature presents two models of SDM: the synoptic and the incremental model (Atuahene-Gima and Li, 2004). The synoptic model conceptualises SDM as an analytical and comprehensive process through which managers tackle current challenges and anticipate future opportunities. In contrast, incremental decision-making reflects an adaptive approach, rooted in accumulated experience, evolving from small and incremental adjustments as coherent patterns gradually develop.

A substantial body of theoretical and empirical research has determined that the SDM process encompasses multiple dimensions, with rationality, intuition, and political behaviour representing the three fundamental components that influence information processing (Lou et al., 2025). Rationality represents the synoptic perspective, while intuition and political behaviour reflect the incremental-political perspective (Elbanna and Child, 2007).

Rationality involves the extensive collection and analysis of information to support decisions; it is highly analytical and relies on logical connections (Dane and Pratt, 2007). Rationality has been labelled in various ways (Samba et al., 2021; Elbanna and Child, 2007), such as rational decision-making style, procedural rationality, strategic rationality and decision comprehensiveness (Miller et al., 1998; Forbes, 2007). Assuming that increased information yields superior decisions (Samba et al., 2021), numerous top managers collect inputs from employees, middle-level managers, and outside advisors throughout their decision-making processes (Miller, 2008), which are relevant to the decision (Dean and Sharfman, 1993). As it operates in a systematic step-by-step manner, whereby all relevant pieces of information are assessed, rationality is relatively slow and demanding (Dane and Pratt, 2007).

In contrast, intuition relies on unconscious information processing; this process is difficult to articulate and occurs through rapid and largely automatic cognitive operations (Kahneman, 2003; Dane and Pratt, 2007). Intuitive decision-making functions holistically and processes a vast amount of information simultaneously, ensuring that all the various informational components of the problem are integrated into a coherent pattern, which assists in finding a solution (Dane and Pratt, 2007; Salas et al., 2010). Khatri and Ng (2000) also add that intuition "*involves judgment, relies on past experiences, and manifests itself in the form of gut feelings"*.

Most definitions of political behaviour emphasise managers' efforts to influence decision-making to fulfil their personal agendas and interests instead of those of the organisation. (Petrou et al., 2020). Political behaviour has its roots in the political science literature of the 1950s, when research revealed that individual goals influence decision-making processes within governmental institutions (Elbanna, 2006). In SDM literature, political behaviour refers to managers' use of tactics (e.g. distorting information, restricting information flows, forming alliances) aimed at steering decisions towards their own goals (Elbanna et al., 2017; Elbanna, 2018). Such behaviours can result in decision-making based on incomplete or misleading

information (Dean and Sharfman, 1996), delays in SDM processes due to interpersonal conflicts, and missed opportunities (Shepherd et al., 2020).

2.3. Strategic effectiveness

Researchers usually assess a firm's success in terms of financial performance and presume a direct relationship between SDM and financial performance (Elbanna and Child, 2007). However, this approach is problematic, not only because numerous factors beyond managerial control influence financial results (Forbes, 2007), but primarily because it conflates performance with a narrow set of financial indicators. In line with Aguilera et al. (2024), we conceptualize performance as goal achievement. This perspective implies a shift in focus from organizational efficiency to organizational effectiveness. Moreover, using only financial results overlooks the fact that organizations pursue multiple and heterogeneous goals (Atuahene-Gima and Li, 2004; Ethiraj and Levinthal, 2009; Aguilera et al., 2024). Relying solely on financial results is overly simplistic when firms simultaneously aim to maintain product quality, enhance reputation, achieve technological leadership (Atuahene-Gima and Li, 2004), or pursue sustainability and social objectives (Battilana et al., 2022; Scherrer et al., 2007).

Some studies have sought to address these critiques by focusing on the effectiveness of strategic decisions as a dependent variable (Elbanna and Child, 2007). These studies argue that decision outcomes serve as proximal measures compared to distal outcomes such as firm profitability (Samba et al., 2021), and that stronger relationships can be expected when predictor and criterion are closer in proximity (Hough and White, 2003). However, these studies are restricted in scope and concentrate solely on single goals such as entering new market segments, implementing total quality, or adopting advanced technologies (Dean and Sharfman, 1996). This contradicts reality, where modern organisations pursue multiple goals concurrently (Kostopoulos et al., 2023; Leiblein et al., 2018). Indeed, the simultaneous pursuit of multiple goals is an organizational norm (Obloj and Sengul, 2020), and these goals often exist within complex "goal systems" where they can be conflicting, substitutable, or complementary (Aguilera et al., 2024; Ethiraj and Levinthal, 2009). Consequently, measuring effectiveness concerning a single goal is potentially misleading.

Coherently, following Aguilera et al. (2024), this study conceptualizes strategic effectiveness (SE) as the extent to which an organization achieves its strategic goals.

Consistent with this lens, we treat SE as a within-firm assessment anchored to the last three years and to each firm's priority strategic goals; accordingly, we refrain from between-firm rankings of mean SE without an explicit goal system. This approach measures performance in terms of organizational effectiveness and provides a dependent variable that correlates more directly with the strategic decision-making process, which involves balancing competing objectives.

3. Research model and hypothesis development

In order to connect the dots among KM, SDM and SE, we have developed a model that focuses on the impact of knowledge management practices (KMPs) on rationality (RAT), intuition (INT), and political behaviour (PB), and their effects on strategic decision effectiveness (SE).

3.1. Knowledge management and strategic decision-making

A recent investigation of Inkinen (2016), involving over 200 KM specialists worldwide, has revealed that a lack of understanding regarding the relationship between KMPs and firm performance remains one of the principal gaps in contemporary KM scholarship. Empirical research has shown that KMPs influence

organisational performance (Giampaoli et al., 2017), innovation performance (Kianto et al., 2017), and financial performance (Andreeva and Kianto, 2012). Yet, assuming a direct relationship between KMPs and performance risks oversimplifies certain dynamics, as investments in KMPs alone are inadequate to enhance performance (Kulkarni et al., 2006). More empirical evidence is required to determine whether the impact of KMPs on performance is direct or mediated by other variables. In this context, SDM may play an important role because it is a process that strongly relies on KM to support managers in achieving goals.

SDM informed by rationality is characterised by systematic information collection and analysis (Dean and Sharfman, 1996; Dane and Pratt, 2007); therefore, it inherently depends on the organisation's ability to effectively manage its knowledge resources. KMPs, by fostering the processes of acquisition, creation, sharing, and utilisation of knowledge (Hussinki et al., 2017b), create an environment where managers can easily access information and knowledge that is already structured in datasets and ready for analysis. Managers can rely on extensive repositories of information and knowledge, which reduce uncertainty and ambiguity, allowing them to identify all available options, make more accurate and thorough analyses and finally make the most suitable decision for achieving organizational goals. Therefore, we hypothesise as follows:

- H.1 There is a positive relationship between KMPs and the rational decision-making style (RAT);

The intuitive decision-making style involves perceiving coherent patterns within a large amount of information through gut feeling and past experience, leading to rapid and affectively charged judgements (Dane and Pratt, 2007). Intuition is not antithetical to accumulated knowledge; the latter is the substrate that makes expert intuition possible. According to Salas et al. (2010), effective intuition reflects richly encoded, domain-specific knowledge and experience that enable rapid, largely unconscious pattern recognition. A wide and interconnected knowledge base enables experts to use pattern matching effectively (Salas et al., 2010). Laboratory evidence also demonstrates a link between knowledge and intuition: the collection of partial or ambiguous information (implicit learning) favour the emergence of intuitions about regularities which help develop consciously reportable, explicit knowledge; indicating a virtuous cycle where both knowledge (implicit and explicit) and intuition develop together (Weinberger and Green, 2022). Conceptual work differentiates intuitive judgment from intuitive insight, but both are rooted in the scope and organisation of personal—particularly tacit—knowledge, because a richer and more diverse knowledge base enhances the likelihood of recognising salient configurations. (Dörfler and Ackermann, 2012). Other conceptual studies support the advantages of integrating KM in intuitive decision-making (Abubakar et al., 2019; Flórez-Martínez et al., 2022), suggesting that an adequate set of KMPs establishes a repository of information, knowledge and experiences that managers can use to enhance their intuitions. Even when the information is processed unconsciously, it remains a vital input for intuition because it facilitates the identification of patterns and complex relationships that are not immediately apparent through rational analysis. Such benefits have been empirically proved by Bratianu, et al. (2021) who report that the integration and management of diverse knowledge fields (rational, emotional, “spiritual”) enhances decision processes at the organizational level, beyond pure analysis, providing structured inputs on which intuitive mechanisms operate.

- H.2 There is a positive relationship between KMPs and the intuitive decision-making style (INT);

Political behaviour manifests through information manipulation and control (Elbanna, 2006). Managers may intentionally limit the flow of information to certain individuals, distort it or select which information to present in order to promote decisions that align with their personal interests, even at the cost of organisational goals (Shepherd et al., 2020; Dean and Sharfman, 1996). Conversely, KMPs that favour information sharing diminish the intensity of political behaviour, as equal access to information makes manipulative tactics significantly harder to implement (Elbanna and Younies, 2008). ICT infrastructures and

organization-oriented practices that favour open exchange of information and interactions among team members, political behaviour tends to exert a less detrimental impact on decision quality (Shepherd et al., 2020). Decentralization is also very important as when information and decision-making power are concentrated within a few individuals, the likelihood of political behaviour increases (Shepherd et al., 2020). In general, greater information availability and sharing prevent managers from manipulating and controlling information to prioritise personal interests over organisational goals. In light of the above arguments, we hypothesise that:

- H.3 There is a negative relationship between KMPs and political behaviour (PB);

3.2. Strategic decision-making and strategic effectiveness

Research has investigated all three core dimensions of SDM, but rational decision-making is considered the best predictor of organisational outcomes. Many studies suggest a positive association between rationality and performance, even in highly dynamic environments (Dean and Sharfman, 1996). Similarly, Elbanna and Child (2007) demonstrated rationality's positive impact on what the author defines as SE. This finding was consistent across firms of varying sizes and environmental conditions. Deligianni et al. (2016) found that rationality positively influenced international performance among 216 SMEs, whereas Hakeem (2023) confirmed rationality's positive effect on decision effectiveness. Only a few studies found rationality negatively related to performance: this happened in highly dynamic environments (Fredrickson and Mitchell, 1984) and with reference to internationalisation objectives (Petrou et al., 2020). The theoretical rationale for rationality's positive influence on strategic effectiveness lies in its systematic approach to decision-making. Rationality assists managers in identifying and understanding complex factors influencing strategic outcomes (Dean and Sharfman, 1996), reduces cognitive biases (Idson et al., 2004), and ensures the effective implementation of decisions (Samba et al., 2021; Miller and McKee, 2021). Based on that, we hypothesize that:

- H.4 There is a positive direct relationship between rationality (RAT) and strategic effectiveness (SE).

Empirical evidence regarding intuition's relationship with performance presents a nuanced picture instead. Khatri and Ng (2000) found intuition negatively related to financial performance in stable industries but positively related to financial performance in dynamic environments. Sadler-Smith (2004) reported a positive relationship between intuition and both financial and non-financial performance regardless of environmental dynamism. Elbanna and Child (2007) did not find a significant relationship between intuition and SE. More recently, Elbanna et al. (2013) reported that intuition is positively related to decision disturbance, and Lou et al. (2025) demonstrated that expert intuition positively impacts acquisition performance in UK firms. The theoretical foundation for intuition's positive effect on SE rests on its capability to process multiple information cues simultaneously, recognizing patterns and relationships that might remain hidden from analytical approaches (Dane and Pratt, 2007; Salas et al., 2010). In dynamic environments characterized by time pressure and uncertainty, intuition may lead to more effective strategic outcomes than rationality (Dane and Pratt, 2007; Hodgkinson and Sadler-Smith, 2018). Considering this, we hypothesize that:

- H.5 There is a positive direct relationship between intuition (INT) and strategic effectiveness (SE).

Most empirical evidence on political behaviour suggests negative performance implications. Dean and Sharfman (1996) found that political behaviour is negatively associated with decision effectiveness, irrespective of environmental dynamism. Similarly, Elbanna (2006) and Elbanna and Child (2007) reported a detrimental impact of political behaviour on SE and ultimately firm performance. Shepherd et al. (2020) confirmed the negative effect of political behaviour on decision quality, and Lou et al. (2025) indicate that political behaviour adversely affects acquisition performance. Nonetheless, a smaller body of research

highlights the potential benefits of political behaviour. Papadakis et al. (1998) found a positive association between political behaviour and profit growth in Greek manufacturing firms. Elbanna (2018) further contended that, if properly managed, political behaviour can enhance both decision speed and effectiveness. The theoretical rationale for political behaviour's negative impact on SE stems from three key mechanisms: it involves information distortion or withholding compromising decision quality (Eisenhardt and Zbaracki, 1992); consumes organizational resources and management attention that could address strategic issues (Bourgeois and Eisenhardt, 1988); and generates interpersonal conflicts that persist beyond decision-making, hampering implementation and strategic alignment (Elbanna, 2006). Having said that, we hypothesise that:

- H.6 There is a negative direct relationship between political behaviour (PB) and strategic effectiveness (SE).

4. Methods

4.1. *Sample and data collection*

To test the model, we developed a questionnaire based on existing measurement scales for rationality, intuition, and political behaviour, integrated with scales, partially developed by the authors, for KMPs and SE. We implemented a standard back-translation procedure following Brislin (1970), by involving two bilingual academic translators. Comparison of the original English version with the back-translated version revealed high overall semantic equivalence. The only concerns arose for the construct of intuition. In particular, items INT1, INT2, and INT3, which inquired about the utilisation of judgment, gut feelings, and past experience in the context of strategic decision-making, presented a notable challenge in their translation into Italian. This was due to the potential for the concept to be rendered trivial or misleading. After in-depth discussion among the translators and the authors, the Italian version was refined to ensure the items captured the notion of intuition as defined in the literature (Khatri and Ng, 2000).

The initial draft of the questionnaire was independently reviewed by three academics and three managers. This version underwent pilot testing; data from the pilot study were analysed using exploratory (EFA) and confirmatory factor analysis (CFA). Subsequently, the questionnaire was refined based on these results and additional feedback from 12 managerial interviews evaluating item intelligibility and questionnaire length. The final administration of the questionnaire took place between July and August 2024. This allowed respondents to consider three years' performance when answering to our questions, net of operational discontinuity and market disruption caused by COVID-19, which would have risked compromising the validity of the results.

We adopted the Eurostat classification (NACE Rev. 2) for selecting high-tech firms and randomly sampled 1,000 Italian firms from AIDA's Bureau van Dijk dataset, regardless of the firms' size. Subsequently, the email addresses were obtained from Atoka (Cerved), an Italian data provider that gathers, stores, and analyses financial and non-financial information on Italian companies. We requested pre-approval to conduct the study on the first page of the questionnaire. Invitations were sent by e-mail, while the questionnaire was administered online using Qualtrics. First, we sent the questionnaire to all sampled firms. Then, a second wave was scheduled: all responding firms were contacted to ask them to identify a second key informant knowledgeable about the topics covered.

Out of 1,000 firms, 140 took part in the research. The decision to employ an inclusive initial data collection strategy, rather than implementing strict pre-screening filters to limit respondent roles, was a deliberate methodological choice rooted in the specific context of our study. Our research focuses on high-tech Small and Medium-sized Enterprises (SMEs), which constituted the majority of our final sample. In such organizations, strategic decision-making processes are often characterized by a more fluid and less hierarchical structure compared to larger corporations. Consequently, key informants with significant

involvement in strategic formulation are not limited to traditional C-suite executives. Roles such as technical directors and R&D managers possess critical technological knowledge that is essential for strategic decisions, making them integral to the process. To accurately capture this nuanced reality and avoid prematurely excluding vital perspectives, our questionnaire design incorporated an inclusive 'other' category that prompted respondents to specify their role. Because we intended to collect responses from only key informant respondents, 16 questionnaires were dropped, having been filled out by individuals who were not directly involved in the strategic decision-making process (e.g. receptionist), so the final sample consists of 124 completed questionnaires, representing a 12.4% response rate. This manual verification ensured that the final sample consisted exclusively of individuals confirmed to be directly involved in strategic decision-making, thereby enhancing the validity and representativeness of our data.

About 56% of the respondents are CEO, 15% are CFO, 8% are CHRO, 6% are COO, 2% CIO, and 13% are administrative managers. Based on the EU Recommendation (2023/361/CE) concerning the definition of micro, small and medium-sized enterprises, approximately 46% of the firms are micro entities (they employ between 1 and 9 employees), 40% are small firms (having between 10 and 49 employees), 11% are medium sized (employ between 50 and 249 employees) and only the remaining 3% can be considered large firms. To ensure the sample accurately represented the population of interest, we compared the focal firms with the reference database on size, revenue and profitability. No significant differences emerged, confirming the sample's representativeness. To increase the reliability of informant responses, we adopted the multiple-respondent technique (Kumar et al., 1993). In contrast to large firms, SMEs have very few key informants, which makes it challenging to engage multiple managers. (Elbanna and Child, 2007). However, in line with Lou et al. (2025), we validated the responses by asking companies to designate a second executive to fulfil the same questionnaire. We received 24 responses, representing a 19.3% response rate, and the results are in line with Lou et al. (2025). Additionally, many companies responded to the email, pointing out that there were no other managers or figures in the company capable of answering those questions due to the small size. We assessed interrater reliability and agreement for the subsample of 24 firms with a second respondent. We calculated the $r_{wg(j)}$ coefficients to examine within-group agreement. The average value ranges from 0.72 to 1, confirming strong interrater reliability between the two managers (Shortell and Zajac, 1990).

4.2. *Measures*

With regard to KMPs, scholars have developed numerous measurement scales over the past 20 years (Lee and Choi, 2003; Lee et al., 2012; Inkinen et al., 2015; Hussinki et al., 2017a). Although highly effective at capturing various facets of KMPs, they tend to be lengthy, consisting of between 7 and 10 latent variables, which can lead to complications, particularly if additional variables are included in a questionnaire. With lengthy questionnaires, the number of respondents decreases (Galesic and Bosnjak, 2009), and there is the risk of "straight-line responding," which is the tendency to provide identical answers to all questions, especially from the second half of the questionnaire onwards (Herzog and Bachman, 1981).

To address these risks that undermine the quality of the responses (Galesic and Bosnjak, 2009; Hinkin, 1998), we deemed it suitable to operationalise KMPs through a first-order formative construct. According to Bollen and Diamantopoulos (2015, p. 584), formative constructs are employed when "*the goal might not be to measure a scientific concept but to summarise the effects of several variables*." In formative constructs, indicators represent defining characteristics of the construct (Edwards, 2001; Jarvis et al., 2003), and the direction of causality flows from the items to the construct. This differs from reflective constructs, where the causality flows in the opposite direction (Diamantopoulos and Winklhofer, 2001; Edwards, 2001). This means that, whereas in reflective constructs the items are interchangeable, in formative constructs, the removal of an item could alter the conceptual domain of the construct (Jarvis et al., 2003). Therefore, KMPs were operationalised based on the categories identified by Inkinen (2016), as presented in paragraph 2.1, and by

adapting items already used by Lee and Choi (2003), Hussinki et al. (2017a) and Giampaoli et al. (2017). Lastly, the items were selected based on the results of the pilot study.

The scale for rationality was based on the previous work of Dean and Sharfman (1993), while the intuition scale was derived from Khatri and Ng (2000), and the political behaviour scale was sourced from Elbanna and Younies (2008).

We follow the approach of Aguilera et al. (2024) that focus on organizational effectiveness and conceptualize strategic effectiveness (SE) as goal-referenced performance—the extent to which a firm achieves its intended goals (Lee et al., 2020). Following this lens, we conceptualize performance as goal achievement (Aguilera et al., 2024). Since firms pursue heterogeneous goal systems, we interpret SE as an internal firm assessment and avoid comparing between-firm rankings as a metric for SE in the absence of an explicit goal system. To balance goal heterogeneity across diverse high-tech firms with goal-referenced validity, we employ generic items explicitly anchored to each organization's specific context. Respondents were primed as follows: "*Thinking about the last three years and your organization's key strategic goals, please indicate the extent to which the following statements describe your organization's results*." By encouraging managers to focus on key strategic goals, we elicit respondents for a holistic judgment that reflects the net outcome of the firm's internal trade-off process, yielding a synthesized assessment of success after competing goals have been weighed and prioritized (Lee et al., 2020; Aguilera et al., 2024; Samba et al., 2021).

Following a deductive item-generation process (Hinkin, 1998), we developed a four-item reflective scale measuring goal achievement through an overall judgment of firm progress and fulfilment of its goal system (Aguilera et al., 2024). More precisely: SE1 – "*We achieved all or most of our goals*" — operationalizes the core tenet that success equals achievement of firm goals; SE2: "*We achieved our goals within the planned timeframe*", captures the temporal dimension of goals (they are set to be achieved within a period); SE3: "We achieved even our most ambitious goals", reflects the aspiration level of goals and attainment relative to challenging targets; SE4: "We achieved our goals even when significant obstacles arose", captures robust goal attainment under challenging environmental dynamics, acknowledging that external environmental dynamics are also critical in the achievement of goals and that success must be evaluated in the context of disruptions.

Perceptual measures for assessing performance are commonly adopted by scholars due to their correlation with objective measures (Delaney and Huselid, 1996). The items were rated using a 7-point Likert scale that ranges from 1 (strongly disagree) to 7 (strongly agree). This scale allows for the nuanced measurement of variance. We also accounted for two control variables that are used in previous similar studies like Ji and Dimitratos (2013) and Petrou et al. (2020): firm size and environmental turbulence, as they are often thought to influence SDM and may reveal contingent situations that have different impacts on performance. Previous studies (e.g. Khatri and Ng, 2000) have adopted objective and subjective measures for environmental turbulence (also called dynamism); we followed a similar approach to have comparable results. The scale for measuring subjective environmental turbulence was adapted from Elbanna et al. (2013). All items are shown in the appendix.

5. Results

5.1. *Global model fit and Measurement model*

The first step in PLS-SEM analysis is the evaluation of the measurement model (Hair et al., 2022). To test for the reliability of the scales, we used Cronbach's Alpha and Dillon-Goldstein's ρ. Cronbach's alpha and Dillon-Goldstein's ρ values above 0.70 indicate satisfactory internal reliability. As shown in Table 1, all constructs in

the model met this criterion. The factor loadings of the items and average variance extracted (AVE) should be used to test the convergent validity of reflective constructs. To ensure the convergent validity of the scales, the items' factor loading must exceed 0.707 and AVE the threshold of 0.5 for every construct. As indicated in Table 1, all values exceed the recommended threshold, and our model exhibits convergence validity.

Table I: Reliability and convergent validity

Discriminant validity ensures that each latent variable is distinct from the others. We assessed discriminant validity using the Heterotrait-Monotrait (HTMT) ratio as recommended Henseler et al. (2015), as it represents a more rigorous approach. As shown in Table 2, the maximum HTMT value is significantly below 0.85, which is the most conservative threshold according to Henseler et al. (2015). Given these two criteria, the discriminant validity of the model is ensured.

Table II: Discriminant validity: HTMT criteria

To assess the formative construct of KMPs, we adopted the methodological approach outlined by Hair et al. (2022). We verified the KMPs' convergent validity through redundancy analysis. In our analysis, we achieved a satisfactory correlation of 0.731, demonstrating adequate convergent validity. Subsequently, we evaluated potential collinearity among the formative items, identifying a maximum variance inflation factor (VIF) of 1.470, associated with indicator KM5 (Table 3). We then proceeded to test the significance of formative indicator weights using the bootstrapping technique with 10,000 subsamples. Among the five indicators, only two presented statistically significant weights: KM3 (weight = 0.380) and KM8 (weight = 0.499) as reported in Table 3. Despite the lack of statistical significance, the remaining indicators were retained due to their substantive relevance to the construct, as evidenced by their respective loadings. The items KM1 and KM2 were dropped since, besides not having statistically significant weights, their loadings were below the recommended threshold of 0.5.

Table III: Formative construct results

Overall, the results of the measurement model evaluation demonstrated good levels of convergent validity, discriminant validity, and reliability, providing a solid foundation for proceeding with the structural model analysis and testing the research hypotheses.

To control for common method bias, we adhered to the recommendations of Podsakoff et al. (2003). Firstly, respondents were assured of the confidentiality of their responses and informed that there were no right or wrong answers to the survey questions. This procedural remedy was implemented to reduce evaluation apprehension and social desirability bias. Secondly, we employed proximal separation by placing measures of the independent and dependent variables on different pages of the survey instrument, creating psychological distance between the predictor and criterion variables. Thirdly, we conducted Harman's one-factor test, and the results revealed that the largest factor accounted for only 28% of the total variance, indicating a lack of common method variance (Podsakoff et al., 2003). Finally, we utilised the marker variable

technique, adapted for PLS-SEM analysis (Liang et al., 2007), using Oreg's (2003) Resistance to Change scale as our marker variable. Overall, the results indicate that there is no common method bias in our model.

5.2. *Structural model*

The structural model was analysed using partial least squares structural equation modelling (PLS-SEM), adhering to the guidelines of Hair. et al. (2022) and utilising SmartPLS software. PLS-SEM can be applied with both common-factor and composite variables, making it highly suitable for exploratory research (Benitez et al., 2020; Cepeda-Carrion et al., 2019). The minimum sample size appropriate for PLS is typically determined by the '10-times rule', which necessitates a sample ten times greater than the maximum number of inner or outer model links pointing to any latent variable in the model. After collecting 124 responses, the final sample was deemed adequate. Figure 1 presents the results of the structural model. The significance of the impacts was tested using the bootstrapping algorithm. Bootstrapping is particularly suitable in PLS-SEM modelling as it does not require assumptions about the normal distribution of data and enables parameter estimation through resampling (10,000 subsamples). Hence, we calculated t-values, p-values, and 95% confidence intervals for all path coefficients in the model using 10,000 subsamples, which is well above the recommended threshold of 5,000 suggested by Hair et al. (2022).

As we hypothesised, KMPs have a positive direct impact on rationality (β = 0.630) and a negative impact on political behaviour (β = -0.274), providing empirical support for H1 and H3. Contrary to expectations, KMPs have no significant impact on intuition, and H2 is rejected. As we hypothesised, rationality has a positive direct impact (β = 0.518) on strategic effectiveness, providing empirical support for H4. In contrast, we found that both intuition and political behaviour have no significant impact on strategic effectiveness. Therefore, H5 and H6 are rejected.

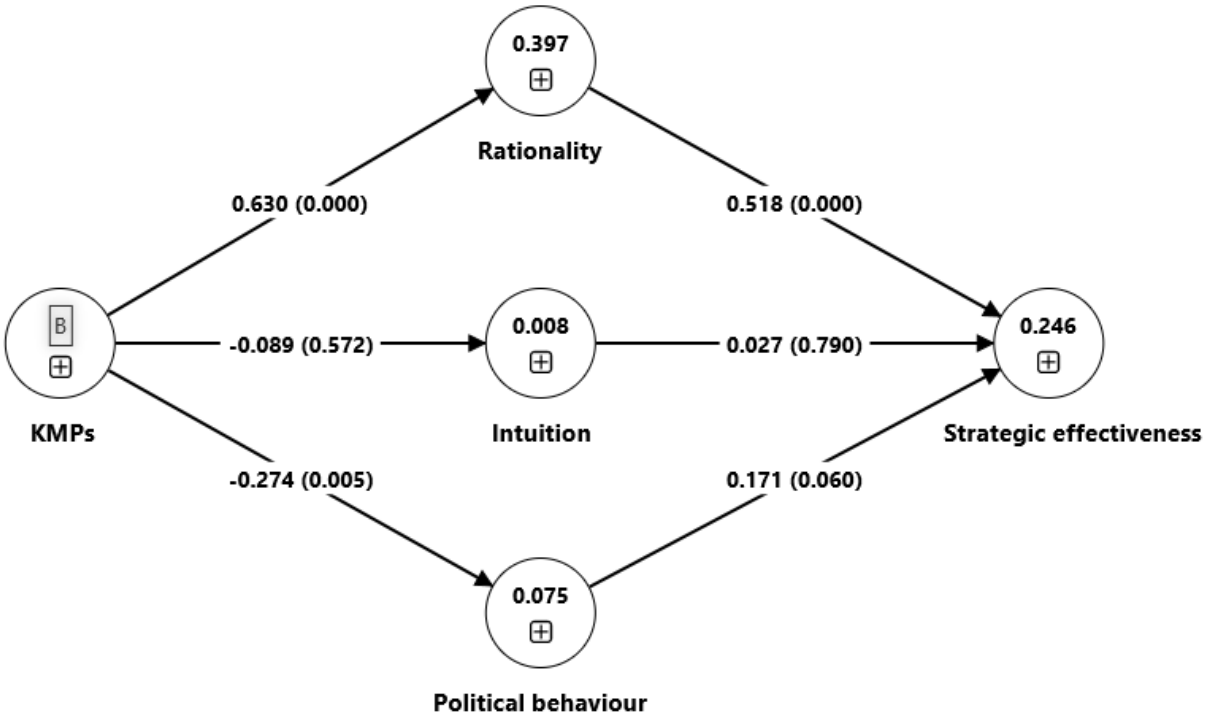

Figure 1: Test of the structural model

5.3. *Control variables*

In accordance with previous literature on SDM (Ji and Dimitratos, 2013; Petrou et al., 2020; Thanos, 2023), we controlled for the effects of firm size and environment turbulence. Results indicated that as firm size increases, the positive impact of rationality on SE diminishes, suggesting that in larger firms, analytical decision-making processes may become more complex and less effective. Regarding environmental turbulence no significant moderating effect was observed.

5.4. *Predictive capability*

Finally, the out-of-sample predictive capability of PLS-SEM models was evaluated using the PLSpredict Cross-Validated Predictive Ability Test (CVPAT) (Shmueli et al., 2016). This procedure employs k-fold cross-validation by dividing the dataset into subsets, estimating the model on a training sample, and subsequently assessing its predictive performance on a holdout sample (Shmueli et al., 2019). The predictive analysis using CVPAT indicates that the model overall demonstrates high predictive validity ($p = 0.031$).

6. Discussion

6.1. Key findings

Decision-making is the essence of management and delineates the line between firm failure and success (Litvaj and Stancekova, 2015). Understanding how KM enhances decision-making is therefore critical.

Our results confirm that KMPs significantly impact rationality ($\beta = 0.630$), fully supporting hypothesis H1. This aligns with the nature of rational decision-making, which relies on systematic information gathering and analysis. KMPs create an environment in which managers can access structured information ready for analysis, representing a fundamental enabler of rationality even in dynamic contexts such as those of high-tech firms. Contrary to expectations, KMPs exhibit no significant impact on intuition, thereby rejecting hypothesis H2. This suggests that intuition is mainly an individual capacity to process multiple informational cues at the same time, which operates independently of the availability of information databases and organizational practices aimed at knowledge sharing. (Dane and Pratt, 2007; Salas et al., 2010). Our results support hypothesis H3, demonstrating that KMPs negatively influence political behaviour ($\beta = -0.274$). This indicates that effective KMPs promoting transparency and information sharing reduce managers' ability to manipulate information for personal interests. When knowledge is widely accessible within the organisation, political behaviours become more difficult to manage and sustain.

At the same time, results suggest that only rationality has a significant positive effect on SE ($\beta = 0.518$). So, it is extremely important to identify how managers process information to formulate a decision. Confirmation of hypothesis H4 and rejection of hypothesis H5 indicate that intuition is not more effective than rationality in dynamic environments such as those of high-tech firms. In contrast with Dane and Pratt (2007) and Khatri and Ng (2000), our results suggest that rational decision-making supported by effective KMPs leads to better outcomes. A possible explanation is that, in technologically complex contexts, intuitive decisions may lack sufficient accuracy or alignment with strategic goals, while systematic analysis facilitated by KMPs proves more critical for effectiveness.

Contrary to our hypothesis (H6) and key literature (e.g., Dean & Sharfman, 1996), our analysis shows no significant effect of political behaviour (PB) on strategic effectiveness (SE). We suggest this unexpected result stems from two interrelated factors: (a) the specific nature of our outcome variable and (b) contextual dampening through knowledge management practices. First, our SE metric measures multi-goal achievement rather than single-goal decision outcomes, making it less susceptible to the focused informational frictions of PB. Second, in our high-tech sample, KMPs significantly reduce PB ($\beta = -0.274$) by enhancing transparency, which naturally limits the channels for destructive politics. This aligns with recent research emphasising how contextual factors reduce the negative effects of PB (Shepherd et al., 2020). Our null result also reflects a growing recognition of boundary conditions in the literature. While many studies report negative associations, others find non-significant or even positive relationships when political activity is directed

towards collective aims under uncertainty. Our finding, therefore, suggests a key boundary condition: in knowledge-intensive, transparency-rich environments that prioritise multi-goal achievement, the net effect of PB on SE can be statistically non-significant.

6.2. Theoretical implications

First, this paper addresses an important gap in the existing literature by empirically testing the impact of knowledge management on strategic decision-making, suggesting that more attention to KM practices rather than processes could help researchers to identify how to fruitfully design KM infrastructures. In doing so, our findings contribute to the debate regarding the predictors of strategic decision-making by examining the relationship between knowledge management practices and each dimension of strategic decision-making (rationality, intuition and political behaviour). At the same time, as the impact of knowledge management on performance is still unclear (e.g., Lee et al., 2020), this paper contributes to the discussion concerning the variables that could mediate the impact of knowledge management on a firm's performance.

Second, this study contributes to the ongoing debate about which decision-making style is most effective in environments characterized by high uncertainty (Dean and Sharfman, 1996; Elbanna and Child, 2007), such as those faced by high-tech firms. Our results indicate that rationality has a direct positive impact on strategic effectiveness, whereas intuition does not appear to significantly contribute to achieving strategic goals. Nevertheless, our results don't position rationality and intuition as rivals. We assumed managers rely on both intuition and analytical cognition, but found that in technological uncertainty, a rational perspective proves more effective for achieving strategic objectives.

In line with Julmi (2019), who posits that the effectiveness of a decision-making style depends on its capability to manage the information relevant to solving the problem at hand, our empirical findings demonstrate that this capability is strongly connected to knowledge management practices. Indeed, by ensuring the availability of relevant information, KM practices greatly support rational decision-making, thus making rationality effective even in highly dynamic environments where intuition is generally thought to be more effective (CITA QUELLI SOPRA). Consequently, managers' inclination toward rationality rather than intuition may be affected byn the organization's ability to manage information—and, more broadly, knowledge.

Finally, our study marks the importance of integrating KM and SDM literature, which have largely evolved separately. We establish an integrated theoretical framework linking these domains by empirically demonstrating that KMPs enhance rational decision-making, which improves SE. This integration opens new avenues for exploring how other organizational and cognitive capabilities might similarly influence the effectiveness of different decision approaches.

6.3. Practical implications

Our findings provide practical guidance for enhancing decision-making processes and reaching strategic aims for managers and organisations in high-tech sectors. Primarily, our research offers strong empirical evidence that KMPs should be regarded as a strategic priority for organisations seeking to improve their SDM. Additionally, our findings indicate that managers should maintain analytical approaches even under pressure and uncertainty. Instead of abandoning structure when facing complex decisions, managers should utilise KMPs to make rational processes more efficient and responsive. Our insights propose a significant and actionable strategy for reducing political behaviour. While the advantages of transparency are well recognised, our research advances beyond simple recommendations by showing that KMPs are vital in fostering it. The main message for managers is that political manoeuvring can be reduced not through direct confrontation, which may be divisive, but by strategically implementing KMPs. Practices such as forming

cross-functional teams, rewarding knowledge sharing, and utilising collaborative IT platforms do more than boost efficiency; they foster an environment of knowledge exchange and transparency. By making essential information broadly accessible and encouraging a culture of open collaboration, these practices limit opportunities for individuals to hoard or manipulate information for personal advantage. Consequently, investing in KMPs should be viewed as a strategic, non-confrontational approach to improving organisational political health and, ultimately, enhancing the quality of strategic decisions. Following this guidance will enable organisations to strengthen their SDM and better achieve their strategic objectives goals.

6.4. Limitations and future study

This study is not free from limitations. Firstly, data collection limited to Italian high-tech firms restricts generalisability to other industries and cultural contexts. Secondly, despite methodological precautions, reliance on self-reported measures from key informants may introduce response bias. Thirdly, our cross-sectional design constrains causal inferences regarding the relationships between KMPs, SDM, and SE.

Beyond these methodological considerations, our findings open several novel avenues for future inquiry. First, the sharp contrast between the strong influence of KMPs on rationality and their non-significant effect on intuition presents a compelling puzzle. Is intuition a purely individual cognitive trait, immune to organizational practices, or do different types of KMPs have a differential impact? Future research could investigate which specific organizational practices, if any, can nurture and enhance intuition in strategic decision-making, moving beyond the practices measured in this study.

Second, our counterintuitive finding that political behaviour has no significant negative effect on strategic effectiveness warrants further investigation. We argued this could be due to KMPs dampening its effects and our multi-goal effectiveness measure being more resilient. This opens up a clear research path: future studies could explicitly model KMPs as a moderator in the relationship between political behaviour and performance. Moreover, comparing the impact of political behaviour on single-goal outcomes (e.g., sales growth) versus holistic, multi-goal effectiveness could clarify the boundary conditions of its negative effects.

Finally, the increasing integration of Artificial Intelligence (AI) into strategic decision-making offers a critical and timely research direction. How do AI-driven analytical tools interact with organizational KMPs? Do they amplify the positive effects of KMPs on rationality, or do they risk creating new forms of bias and overlooking the tacit knowledge that fuels intuition? Understanding the interplay between human-led KMPs, managerial cognition (rationality and intuition), and AI-driven decision support systems is crucial for navigating the future of strategic management.

Future research should employ longitudinal designs to trace how investments in KM affect decision processes over time, expanding to diverse industries and national contexts to test boundary conditions. In addition, replication of this study could incorporate objective performance measures alongside perceptual ones.

7. Concluding remark

This study enhances our understanding of how knowledge management practices significantly improve rational decision-making and diminish political behaviour. By supporting these two dimensions of strategic decision-making, KM contributes to the achievement of desired organizational outcomes. Yet, only rational decision-making positively affects strategic effectiveness in dynamic environments such as those of high-tech firms. Therefore, our findings stress the importance of investing in KMPs that facilitate systematic, analytical decision processes rather than relying predominantly on intuition, even when confronted with time

pressures and environmental dynamism. Organisations should regard KM not as an administrative function but as a strategic asset that directly enhances decision quality and goal attainment.

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APPENDIX

Construct	Item	Content	Source
Knowledge management practices (KMPs)	KM1	When necessary, we use working groups with members who possess skills and expertise in a variety of fields	Giampaoli et al (2017), Hussinki et al. (2017a), Lee and Choi (2003)
	KM2	We offer training that provides employees with up-to-date knowledge	
	KM3	An environment of trust and collaboration is encouraged	
	KM4	Our company rewards employees for sharing knowledge	
	KM5	Our company uses information technology in internal communication throughout the organization	
	KM6	Our company members are encouraged to make their own decisions	

	KM7	In general, employees are encouraged to collaborate and share information and knowledge (used for the redundancy test)	
	KM8	Our company strategy is formulated and updated based on company knowledge and competences	
Intuition (INT)	INT1	To make strategic decisions based on a 'gut-feeling'	Khatri and Ng (2000), Scott and Bruce (1995)
	INT2	To rely on pure judgment in making strategic decisions	
	INT3	To rely on past experience in making strategic decisions	
	INT4	In general, to make strategic decisions based on our intuition	
Political behaviour (PB)	PB1	Managers were primarily concerned with their individual interests rather than company goals	Elbanna and Younies (2008)
	PB2	Managers used their power to defend their interests and preferences	
	PB3	Managers formed alliances with each other to get their points of view on the table	
	PB4	Managers tended to hide and/or distort information to defend their points of view	
Rationality (RAT)	RAT1	To gather relevant information	Dean and Sharfman (1993), Slotegraaf and Atuahene-Gima (2011)
	RAT2	To analyse relevant information	
	RAT3	To focus attention on crucial information	
	RAT4	Effectiveness in taking into consideration relevant information	
	RAT5	To make extensive and in-depth analysis of all available strategic options	
Strategic effectiveness (SE)	SE1	We achieved all or most of our goals	Drucker (1954), Mohr (1973), Rodrigues and Hickson (1995), Wood and La Forge (1979)
	SE2	We achieved our goals within the planned timeframe	
	SE3	We achieved even our most ambitious goals	
	SE4	We achieved our goals even when significant obstacles arose	
Environmental turbulence	TURB1	Competition	Elbanna et al. (2013)
	TURB2	Legal regulations and national laws	
	TURB3	Technology	
	TURB4	Clients' preferences	
	TURB5	Competitor's strategies	