

RESEARCH NOTE

# Introducing decision sovereignty: A missing transmission variable in models of implementation

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**Why do well-informed decisions so often fail to become action? The research team at Global Access Partners offers a new analytical lens on execution failure in complex behavioural and institutional systems by introducing *decision sovereignty* ('S') as a missing transmission variable between decision quality and implementation.**

## **Introduction: The Implementation Gap**

Established firms and institutions have struggled to improve productivity through the adoption of new technologies such as artificial intelligence, even though these technologies can significantly reduce the costs of prediction, coordination and communication. Transformative change has therefore tended to occur more rapidly in newly formed entities, start-ups and discrete organisational units that occupy what may be described as "uncontested territory" and seek to supplant more established incumbents constrained by legacy procedures.

The difficulty faced by established organisations is not a lack of will, funding or technical know-how but the escalating governance costs of retrofitting radical new paradigms into ossified procedures, combined with a lack of *decision sovereignty* sufficient to carry reform through to completion. New companies have fewer resources but are free of the accumulated bureaucratic structures that older organisations developed to manage

outmoded environments. New organisations are also shaped around the capabilities of emerging technologies, in contrast to incumbents, which attempt to reshape those technologies to conform to existing organisational forms.

While traditional explanations of adoption failure focus on market incentives, cultural inertia and shortages of complementary assets, such accounts overlook a critical feature of contemporary technological change. Innovations such as AI do not merely automate tasks or generate content; they also dramatically increase *decision intensity* – the volume, frequency and scope of actionable decisions required of management. More choices mean more contestation, but the authority to make decisions in older firms remains embedded in governance structures designed for much lower decision intensity. As management tries to integrate the new technology, governance costs begin to rise faster than productive benefits, creating an internally generated (endogenous) ceiling on the pace and scope of implementation.

This article is intended as a conceptual research note. Its purpose is to introduce and clarify the concept of *decision sovereignty* as a missing transmission variable (S) in implicit and conceptual models of implementation, rather than to advance a complete theory or empirical test. *Transmission* refers here to the institutional process through which decisions are converted into authorised action and sustained execution, not to formal causal or econometric mechanisms.

This paper does not propose institutional reforms or governance designs. Its contribution is to make explicit an implementability condition that is typically assumed, but rarely examined, in economic and organisational models: the effective capacity to convert a selected decision

into coordinated action. Decision sovereignty specifies the boundary conditions under which improvements in predictive capacity translate into realised outcomes, and the conditions under which they do not. In this sense, it operates not as a substitute for existing theories of decision making or implementation, but as a domain-of-validity<sup>1</sup> constraint on their practical applicability.

**Prediction identifies what can be done; decision sovereignty determines what gets done.**

## The Governance Convexity Trap

The governance convexity trap described here will be familiar to practitioners across both the public and private sectors. The term ‘governance convexity’ is used to describe a commonly observed structural pattern rather than to assert a formal law. Increases in technological capability rarely produce proportional increases in output. Instead, they often lead to a disproportionate expansion of organisational overhead, including additional meetings, expanded legal review, heightened compliance requirements and more intensive risk assessment.

If the marginal cost of adoption were constant, organisations could scale implementation smoothly. Where marginal costs increase with decision intensity, however, an upper bound is eventually reached beyond which further execution becomes increasingly difficult. Organisations encountering this ceiling often exhibit characteristic responses: proliferating pilot projects rather than scaling core activities, entering prolonged review cycles or engaging in symbolic compliance while diffusing responsibility internally, leaving accountability for failure unclear.

1. In this context, ‘domain of validity’ refers to the conditions under which a conceptual or analytical model is expected to hold, rather than to a formal econometric specification.

## Uncontested Territory

As incumbent organisations hesitate or stall, technological adoption often migrates to semi-autonomous internal units or, more commonly, to competing start-ups operating in uncontested territory, where decision rights can be configured at lower cost. Comparable dynamics are observable in policy and economic innovation through parallel structures such as taskforces, incubators and special economic zones established outside restrictive regulatory regimes.

Uncontested territory does not imply an absence of regulation. Rather, it denotes organisational spaces in which governance costs scale approximately linearly, rather than convexly, with decision intensity. In such environments, execution capacity can expand alongside innovation without being disproportionately constrained by governance overhead.

## A Fresh Conceptual Framework

The concepts of convex governance costs, uncontested territory and decision sovereignty build on Ronald Coase's (1937) observation that firms exist in part to reduce transaction costs. This analysis extends that insight by arguing that technologies introduced to reduce such costs may become counterproductive where governance structures remain unadapted. Oliver Williamson (1985) similarly emphasised that internal governance imposes costs that organisations seek to minimise; this paper suggests that such costs can ultimately exceed the benefits of automation where governance arrangements are slow to evolve.

Clayton Christensen (1997) attributed incumbent failure primarily to the protection of ageing business models. By contrast, this paper argues that governance architecture itself constitutes a binding constraint on organisational adaptation. The analysis also draws on Douglass North's (1990) work on institutions and cliometrics<sup>2</sup> to formalise how convex cost structures impose ceilings on execution, and to conceptualise decision intensity.

The framework advanced here yields falsifiable implications in principle, suitable for future empirical work. Holding decision quality and access to general-purpose technologies constant, organisations characterised by higher decision sovereignty should exhibit systematically higher execution rates, shorter implementation lags and greater durability of outcomes. Conversely, improvements in predictive capacity should display diminishing or negligible effects on realised outcomes where decision sovereignty is low. Empirical findings that contradict these patterns would challenge the explanatory relevance of decision sovereignty as a binding constraint on implementation.

## Decision Sovereignty

Organisations across sectors now possess access to unprecedented analytical capability, yet productivity growth remains modest and reform efforts frequently stall. The proximate cause is not a deficit of analysis but a limitation in execution capacity. The missing link between decision and delivery is decision sovereignty.

Decision sovereignty is not synonymous with formal authority. Rather, it describes an institution's capacity to select a course of action and see it

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2. Cliometrics is the systematic application of economic theory, econometric techniques and other formal or mathematical methods to the study of history.

through to completion despite internal constraints and external pressures. It is the rare but critical ability not merely to decide, but to ensure that decisions are implemented.

This relationship may be expressed in reduced form as:

$$Y = S \times d(P)$$

where  $Y$  represents realised outcomes;  $S$  denotes decision sovereignty; and  $d(P)$  represents decision quality as a function of predictive capacity  $P$ . This expression is a reduced-form representation, not a full structural model.

Decision sovereignty can be decomposed conceptually as:

$$S = f(S_1, S_2, S_3, S_4, S_5)$$

where  $S_1$  is *closure capacity*, defined as the ability to move from deliberation to binding decision, whether through formal authority or informal consensus mechanisms;  $S_2$  is *execution fidelity*, or the degree to which authorised decisions are reliably implemented across the organisation;  $S_3$  is *revision agility*, referring to the capacity of leadership and institutions to revise policy or procedures without undermining legitimacy;  $S_4$  is *stress resilience*, understood as the ability to sustain learning, adaptability and effective functioning under internal or external pressure; and  $S_5$  is *accountability clarity*, defined by the coherence and enforceability of authority, responsibility and liability. These components are analytically distinct but jointly necessary.

Technological change, such as AI, can accelerate decision intensity, revealing execution constraints that may otherwise remain latent.

## Decision Sovereignty as Institutional Capital

Decision sovereignty is best understood as a durable institutional stock that behaves analogously to capital. It accumulates through coherent authority, accountability and learning processes, and depreciates when authority fragments or governance costs rise disproportionately.

Authority without sovereignty can issue directives but cannot reliably deliver outcomes; sovereignty without legitimacy can act but cannot endure. Sustainable institutional performance depends on their alignment.

## Measurement and Research Agenda

The assumption that effective action automatically follows sound decision making is empirically untenable. While earlier theorists recognised the importance of institutions and bounded rationality, implementation authority has rarely been treated as an explicit constraint.

The Decision Sovereignty Index (DSI) is introduced here as a *conceptual decomposition* rather than an operational instrument:

$$DSI = (A \times C \times I) - V$$

where  $A$  denotes the *authority* to commit the system to act,  $C$  denotes *control* over resources and delivery pathways,  $I$  denotes *execution-relevant information*, and  $V$  denotes *exposure to veto* by internal or external actors. The algebra is mnemonic rather than calibrated, and the DSI is indicative rather than cardinal.

The multiplicative core of this formula ( $A \times C \times I$ ) recognises that all three factors affect the others.

Authority without control cannot deliver, control without authority cannot commit, and authority and control without information are flying blind. Veto exposure (V) subtracts from the sum of these factors because it reduces the organisation's execution capacity.

## Summary

Prediction has become increasingly abundant and cost-effective through advances in data, analytics and AI, yet realised outcomes have not increased proportionately. As predictive capacity expands, the difficulty of execution often rises where institutional capacity does not adjust in parallel.

Decision sovereignty makes explicit a transmission condition that is typically assumed but rarely examined. By introducing S as a boundary variable between decision quality and outcomes, the framework clarifies when improvements in insight translate into action and when they do not.

Decision sovereignty does not replace existing theories of decision making or implementation. Rather, it specifies the conditions under which such theories retain explanatory power in complex, contested environments. It offers a general framework for analysing execution failure without prescribing institutional design or policy intervention and provides a foundation for future theoretical and empirical work.

## Disclaimer

The authors used generative artificial intelligence tools solely for language editing and stylistic clarity. All substantive ideas, arguments, interpretations and conclusions are the authors' own, and the authors take full responsibility for the content.

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