



Decision making and paradox: Why study China?



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ABSTRACT

Decision making has been studied from various angles and perspectives. Despite much progress, the role of paradox and the ways it reveals itself in decision making has received little attention. Perhaps, part of the reason is that paradox has been studied in the West based on the analysis of Western managers' activities while neglecting the fact that in the East, and especially in China, paradox has always been integral to managerial decision making. This "viewpoint" article seeks to highlight China as an important research setting that could add impetus to the study of paradox and decision making. It sheds light on questions such as: What do we know about paradox today and how do Western scholars treat this notion? What does research say about decision making in China? Is there a potential to get a better understanding of the concepts of paradox if study it in decision making in China?

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1. Introduction

Decision making is one of the fundamental elements of managerial activity: "The work of a manager includes making decisions (or participating in their making), communicating them to others, and monitoring how they are carried out" (Simon, 1987, p. 57). Decision making has attracted scholars' attention because of its complexity and its consequences (March, 1994). It is not always clear how people or organisations arrive at decisions and therefore decision making "can be mysterious" (Mintzberg & Westley, 2001, p. 89). Decision making represents a central concept in the field of management and organisation research (Chia, 1994).

However, with rare exceptions (e.g. Murphy & Pauleen, 2007; Smith, 2014), decision making has been examined independent of the role of paradox. By paradox we mean "elements that seem logical in isolation but absurd and irrational when appearing simultaneously" (Lewis, 2000, p. 760). It is often expressed in a statement that contradicts accepted opinion or something that is regarded as common sense (Angeles, 1981). And this can be seen from both Eastern and Western perspectives. The reason that discussions of various aspects of decision making underestimate the role of paradox is that decision making research has mainly focused on studying Western settings (Elbanna & Child, 2007). By contrast,

Eastern contexts and especially China might be an ideal setting for studying paradox in decision making as paradox has been regarded as a specific feature of Chinese culture (Fang, 2012).

In a general philosophical sense paradox refers to apparent contradiction. In Western philosophy paradox can be understood as "a set of individually plausible but jointly inconsistent propositions" (Bagger, 2007, p. 2). Recently the idea of paradox has received attention from management and organisation scholars (Bloodgood & Chae, 2010; Fredberg, 2014; Smith & Lewis, 2011). These definitions correspond to *Yin Yang*, the main principle in Chinese traditional philosophy that refers to "entities that are opposed and yet also are connected in time and space as a whole" (Peng & Nisbett, 1999, p. 743). Scholars emphasise the importance of paradox in various aspects of managerial activities and organisational practices and analyse the ways managers and organisations respond to paradoxical tensions (Knight & Harvey, 2015; Murphy & Pauleen, 2007; Richardson, 1995; Thompson, 1998).

The aim of this viewpoint paper¹ is to discuss paradox in relation to decision making with a focus on a Chinese context. It argues that taking a paradox perspective would help to obtain a deeper understanding of decision making and provoke new ideas for future research. The focus on a Chinese context can provide a good basis for developing these ideas due to the special place of paradox in Chinese traditional culture that remains relevant nowadays.

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¹ This is not a classical theoretical paper but rather a "perspective" piece that is intended to provoke new research directions in management decision studies.

Bringing attention to China will also help to enhance the understanding of paradox and its role in decision making in general.

2. Paradox and decision making

The decision making field has been largely preoccupied with contingency theory that emphasises the need to find a match between the situation and the decision problem in order to make a high quality decision. Whereas contingency theory prescribes resolving contradictions (Dibrell, Down, & Bull, 2007; Engau, Hoffman, & Busch, 2011), paradox theory has been introduced recently as an alternative to contingency theory (Smith & Lewis, 2011) which emphasizes the value of *embracing* opposing forces in order to achieve sustained development, particularly in complex and dynamic environments. Tensions are the main source of paradox, which foster “a tug-of-war between opposing forces” (Andriopoulos & Lewis, 2010, p. 106). This is an important perspective because the world is full of various contradictions and inconsistencies. Paradox – which reflects the common idea about a simultaneous coexistence of contradicting elements – is ubiquitous in organizational life. Clegg, da Cunha, and e Cunha (2002, p. 499) observe that the “simultaneous presence of opposites (i.e. paradoxes) is part of everyday practice”. Individuals, groups, and organisations are “*inherently* paradoxical” (Lewis, 2000, p. 760).

In recent years paradox has attracted increasing interest in organisation and management research literature (Amason, 1996; Chen, 2008; Clegg et al., 2002; Eisenhardt, 1999; Jay, 2013; Smith & Lewis, 2011; Smith & Tushman, 2005). Paradox received attention initially in the late 1980s from Cameron and Quinn (1988) who emphasised contradictions that organisations have to deal with. March’s (1991) analysis of two dimensions of organisational learning – exploration and exploitation – stimulated interest in opposing yet interrelated forces. The tension between exploration and exploitation remain one of the most studied paradoxes in management and organisation research. For example, in product design companies underlying tensions could be experiments with new technologies (exploration) and improvement existing of ones. In this context, the former stems from competing demands of designers who search for emerging markets and technological possibilities, and the latter from clients who accentuates existing manufacturing and capabilities, individual expression and collaboration (Andriopoulos & Lewis, 2010). Another common paradox organisations attend to is: “how does the freedom of individual subjectivity accommodate the structures of organization? How does the structure of organization envelop the freedom of individual subjectivity?” (Clegg et al., 2002, p. 483–484).

Organisational paradoxes may emerge in the process of *decision making* and scholars mention some sources for paradox. Since any organisation is, first of all, a group of people, its members’ values and preferences may be contradictory, and organisations have to deal with them (Cameron, 1986). Amason (1996) highlights a dialectical style of decision making processes that enables contradicting opinions of group members to be synthesised in a single decision. These processes are dialectical enquiry and devil’s advocacy in group decision making (Schweiger, Sandberg, & Rechner, 1989). As Cameron (1986, p. 541) notes, organisations simultaneously pursue contradictory preferences:

It is not unusual for individuals in organizations to prefer both growth and stability, efficiency and flexibility, high capital investment and high returns to stockholders, autonomy and control, and so on. Organizations try to cope with these contradictions using strategies such as sequencing (Cyert & March, 1963), satisficing (Simon, 1948), or incrementalism (Lindblom, 1959).

Each model of decision making process – sequencing, satisficing, incrementalism – is represented as a response to conflicting tensions. Thus decision making can be viewed as a process of coping with contradictions and inconsistencies that emerge over time from different sources.

Paradox in decision making reveals itself in different ways. Some research streams focus on utility paradoxes (Robison, Shupp, & Myers, 2010) or paradoxes in game theory (Moore, 1994) usually associated with puzzles that have to be resolved. Human agency does not consist only of contradicting forces; opposite elements constantly transform from one to the other: “Every practice contains the seeds of its own destruction” (Clegg et al., 2002, p. 491). It is possible to make good quality decisions which are not perfect or optimal. It was also recognised by Simon (1997) who noted that the chosen alternative never guarantees a perfect achievement of goals, but is still relatively the best solution that is possible in the particular situation. Therefore, even seemingly optimal decisions that actors make inevitably will involve self-destructing elements, and put in the opposite way – the worst decision has a potential to be beneficial in a certain way. Therefore, as Clegg et al. (2002 p. 492) suggest, contradiction is an effect of the demands that market and stakeholders put on organisations and it is “an unintended outcome of managerial decisions”.

The paradoxical nature of decision making process also reveals itself in paradoxical situations, as briefly mentioned. These situations appear when decision makers get unexpected outcomes in seemingly ordinary circumstances that disrupt common wisdom. For example, a paradoxical situation may occur when a suboptimal decision leads to successful outcomes or when choosing the best alternative results in failed decision outcomes. Amason (1996, p. 123) identifies “the paradoxical effect of conflict on strategic decision making” whereby conflict within a top management team *improves*, not harms, the quality of decision making.

Another paradoxical situation is related to the number of alternatives and freedom of choice: the more the alternatives, the worse the decision. Paradoxically, choosing from a limited number of options results in better decisions than from extensive-choice sets which result in the decision making process “being simultaneously more enjoyable, more difficult, and more frustrating” (Iyengar & Lepper, 2000, p. 1003). Therefore, there is no element in decision making process that would ensure high-quality decisions; thus, each element should be balanced with its opposition. Indeed, a surplus of information and alternatives is as harmful as a lack of it. “Paradoxes can be fun” (Olin, 2003, p. 1). Thinking in paradoxes can be a pleasant mental exercise. Great minds associate paradox with wisdom, and sometimes, the ultimate source of truth. “Paradoxes are the only truths”, Bernard Show said (Gaither, 2008, p. 1166). Paradox can cause various effects, sometimes very paradoxical. In a broader sense, paradoxes can be instructive as they lead to increase of philosophical knowledge and comprehension, and they also can be disturbing since they imply “inadequacies, confusion or incoherence in some of our most deeply entrenched principles and beliefs” (Olin, 2003, p. 1). Being regarded as challenging and difficult to understand, paradox nevertheless is usually associated with positive effect as it stimulates intellectual development. In his ‘*The Quantum Dice*’ Niels Bohr mentions: “How wonderful that we have met with paradox. Now we have some hope of making progress” (Gaither, 2008, p. 1167).

Many organisation and management scholars present paradox as a beneficial and valuable tool, rather than a problem that has to be eliminated. Thus, paradox was associated with being an attribute of effective organisations (Cameron, 1986). Moreover, it constitutes effectiveness of a firm (Bourgeois and Eisenhardt, 1988), and ensures sustained performance (Smith, Binns, & Tushman,

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