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# What do we really understand about how managers make important decisions?

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## KEYWORDS

Intuition;  
Decision making;  
Science and art of  
management

Our motivation in writing this article is twofold. We want to give a state-of-the-art update for readers of *Organizational Dynamics* on management intuition research, but equally pay tribute to the foundational contribution made by Dr. Weston H. Agor in the pages of this journal almost three decades ago. Agor, considered by many to be the pioneer of intuition research in management, claimed in his *Organizational Dynamics*' (1986) article entitled "The Logic of Intuition: How Top Executives Make Important Decisions" that the 1980s may well be a "benchmark in management history when intuition finally gained acceptance as a powerful tool in guiding executive decision making." Against a backdrop of the preeminence of rationality in management and management education, the picture Agor painted in 1986 was a radical one. He exhorted managers and executives not only to be more attuned to the potential of intuition but to hone their intuitive skills so that they could manage and lead more productively.

Agor's research was driven empirically and theoretically. He based it on available theories of human information processing and brain functioning and on results from his own study of over 2000 managers in the U.S. from a wide variety and levels of business. One of his most important, and often-replicated, findings was that managers at the top of organizations score higher on use of intuition than middle or lower level managers. Proof, if it was needed, that senior managers use intuition. In a follow-up study of the top 10 percent intuitives, Agor found that the vast majority acknowledged using intuition when making important decisions, including strategic decisions, and when surrounded by high levels of uncertainty, little previous precedent, limited facts, and time pressure. Wisely, Agor did not just look for intuitive "hits" but also asked these executives to come up with instances where they followed their intuition and it missed. The intuitive "misses" were characterized by self-deception and pretense, wishful thinking, attachment to a person or object, letting the ego take control, emotional pressures, and psychological stress. Even so, some executives still attributed lack of success in decision making to failure to follow their intuition in the first place.

Agor was interested in developing managers' "brain skills". He wrote a book called *Intuitive Management: Integrating*

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*Left and Right Brain Management Skills.* With one eye on the management classroom, Agor offered techniques and exercises that executives could use to activate their intuition, including mental exercises (such as guided imagery, tolerating ambiguity), analytical approaches (such as immersion, identifying pros and cons, reflection) and relaxation techniques (such as meditation, “sleeping on it”) to complement and counterbalance intuition. Interestingly, this was over a quarter of a century before Daniel Goleman tuned-in to mindfulness meditation in *Focus: The Hidden Driver of Excellence* (2013). Agor concluded that more research was required especially in light of the increased knowledge of how the human brain functions and that even among intuitive executives opportunities existed for honing and further developing intuition.

Since Agor’s classic contribution, it is clear that intuition has enduring appeal to generalist and specialist audiences alike. The popular business press, such as a 2013 *Fast Company* article by John Coleman, has highlighted intuitive components in historic decisions that appeared to defy logic, from the Cuban Missile Crisis to the creation of the iPod. We have also witnessed the popularity of Malcolm Gladwell’s international best seller *Blink* (2006) and more recently Daniel Kahneman’s *Thinking Fast, and Slow* (2011). In the research literature, there has similarly been a steady rise in the number of published articles on intuition in top journals, but how much meaningful progress has really been made since 1986? And what challenges and opportunities in the contemporary business reality confront any significant evolution of the science and practice of intuition in management? Next, we look back and recap where the genre of intuition research has been, then digest where the practice and science of intuition is presently, and finally attempt to frame where and how the field should progress.

## WHERE WERE WE THEN?

Long ago, Albert Einstein claimed eloquently that “the intuitive mind is a sacred gift and the rational mind is a faithful servant. We have created a society that honors the servant and has forgotten the gift.” Thus, not surprisingly, one reason that the study of intuition began to exercise an allure for managers and researchers was the acknowledgment that rational approaches, invaluable though they are, are less powerful and realistically viable than classical economic and decision theories might lead us to believe.

This observation was expanded upon famously in the management literature by Nobel laureate Herbert Simon with his concept of ‘bounded rationality’, based on the precepts that in real world decision making the number of alternatives to be explored and the amount of information required is often very large, while the human brain’s information processing capacity, by comparison, is limited. Consequently managers satisfice, optimize, and intuit. Like Agor, Simon was part of a longer intellectual tradition that stretches back at least as far as Chester Barnard and his 1938 book *The Functions of the Executive* (and more specifically its appendix “The Mind in Everyday Affairs”). In this work Barnard, who himself was a practicing executive at the New Jersey Bell Telephone Company, conceptualized intuition as a “non-logical mental process”:

...mostly impressed upon us unconsciously or without conscious effort on our part. Because they are so complex and so rapid, often approaching the instantaneous, these processes cannot be analyzed by the person within whose brain they take place consisting, as they do, of a mass of patterns, concepts, techniques, and abstractions that increase in number and complexity with directed experience, study and education. (p. 302)

There is continuity between the work of Barnard and Simon. Not only did Barnard write the preface to the original 1945 edition of Simon’s most famous work *Administrative Behavior*, Simon himself later acknowledged Barnard as providing a “persuasive account” of executives’ decision processes. Simon’s own thinking on the subject drew on research of expert performance and in particular De Groot’s studies of chess players, as well as the famous maxim that to acquire high-level expertise in chess requires an investment of approximately 10,000 h of playing and practice. Simon’s thinking on the subject became refined to the point that in the late 1980s he famously characterized intuition as “analyses frozen into habit and the capacity for rapid response through recognition.” (p. 63)

Although in the popular view intuition is often taken to be synonymous with “gut feel,” Simon’s account of intuition is a mostly cognitive one. Managers’ responses to familiar situations become automated on the basis of pattern recognition. If there is a weakness in Simon’s theory of intuition it is the lack of a detailed explanation of intuitive affect (i.e., gut feelings, hunches, vibes, etc.). As we shall see, progress has been made to the extent that brain scientists are now able to offer insights into the neuroanatomical systems that may drive or underlie gut feel.

Earlier attempts at brain-based explanations of intuition might now be considered premature. For example, in the 1970s, Henry Mintzberg wrote his famous *Harvard Business Review* article entitled “Planning on the Left, Managing on the Right,” in which he adopted and adapted ideas from neurobiology and applied them to management. The essence of Mintzberg’s argument was that planning and administration were left-brain activities, whereas managing was a right-brain activity. It was not long before management scholars coupled the left-brain/right-brain concept with debates about rationality and came up with the idea that “intuition was in the right-brain” and “analysis was in the left.” These kinds of attributions are over simplifications and best treated as metaphors for different types of thinking.

Researchers such as Bill Taggart devised ‘brain dominance’ models and outlined the implications for management education. Taggart argued that business schools should not favor the left brain, as they traditionally have done, but must give equal attention to both hemispheres. The management consultant Ned Hermann went so far as to design and develop an inventory he claimed could assess which quadrant of one’s brain was the most dominant. These proposals now seem farfetched and ambitious, and even at the time there were sceptics such as Hines’ 1987 *Academy of Management Review* article that poured cold water on the idea, dismissing it as “hemisphere mythology.”

The ‘80s offered a fertile environment for speculations and conjectures about human cognition and the role that intuition plays in management decision making. As well as

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