

2011

The Role of Intuition in Strategic Decision Making: How Managers' Rationalize Intuition

Philomena Hanlon

Technological University Dublin, phil.hanlon@tudublin.ie

Follow this and additional works at: <https://arrow.tudublin.ie/buschgracon>

Recommended Citation

Hanlon, P.: The Role of Intuition in Strategic Decision Making: How Managers' Rationalize Intuition. Making a World of Difference: Nation Building and the Role of Management Education: 14th Annual Conference of the Irish Academy of Management, National College of Ireland, Dublin, 31 August - 2 September, 2011.

This Conference Paper is brought to you for free and open access by the Graduate Business School at ARROW@TU Dublin. It has been accepted for inclusion in Conference papers by an authorized administrator of ARROW@TU Dublin. For more information, please contact arrow.admin@tudublin.ie, aisling.coyne@tudublin.ie, vera.kilshaw@tudublin.ie.

**THE ROLE OF INTUITION IN STRATEGIC DECISION
MAKING: HOW MANAGERS' RATIONALIZE INTUITION**

Dr. Phil Hanlon,
College of Business, Dublin Institute of Technology,
Aungier St., Dublin 2

**14th Annual Conference of the
*Irish Academy of Management***

Making a World of Difference: Nation Building and the Role of Management Education

31st August – 2nd September 2011
National College of Ireland, Dublin

Track: Organisational Behaviour

Email address: phil.hanlon@dit.ie

THE ROLE OF INTUITION IN STRATEGIC DECISION MAKING: HOW MANAGERS' RATIONALIZE INTUITION

Dr. Phil Hanlon

ABSTRACT

Key words:

Intuition

Strategic decision making

Discourse analysis

This paper looks at the role of intuition in strategic decision making. While there is a considerable body of work on intuition generally empirical research on it and its use by managers is limited. Little research on managers in the 'field' has been carried out, with the work by Agor (1989) probably the best known. Due to the nature of intuition (an activity which takes place in the minds of individuals and which researchers can not access directly) this paper looks instead at the discursive patterns of managers in relation to intuition in strategic decision making.

Primary data collection consisted of interviews with twelve senior managers in Ireland. This research identified that intuition is used by managers in strategic decision making. The research question was to identify the elements that constitute the intuitive discourse. For this paper the discourse of managers on decision making was analysed. A conceptual model, titled the *Deconstructing Intuition Model* was developed inductively.

1. INTRODUCTION

This research looks at the role of intuition in strategic decision making. The research question is to identify the elements that constitute the intuitive discourse.

Empirical research in the area of intuition is limited and both Shirley and Langan-Fox (1996) and more recently, Khatri and Alvin (2000) found that what exists is largely theoretical in nature and has been conducted by psychologists. Little research on managers in the 'field' has been carried out, with the work by Agor (1989) probably the best known.

One of the difficulties identified in relation to conducting research on intuition is the lack of an agreed definition and set of constructs with which to measure it. For the purpose of this paper the definition proposed by Sadler-Smith and Shefy (2004:77) will be used. They define intuition as "...a capacity for attaining direct knowledge or understanding without apparent intrusion of rational thought or logical inference." This definition calls our attention to the central aspect of intuition, namely the attainment of knowledge or understanding of something without undergoing the normal process of rational analysis. While much has been written on intuition (see for example Sadler-Smith (2008), Hodgkinson and Starbuck (2008), Gladwell (2005) and Klein (2003), the actual mechanics of intuition regarding how it arises, how it is experienced and how it is externalized and rationalised (or why it is ignored) are still frequently viewed as a 'black box.' This paper looks inside this 'black box' and unravels some of the workings of intuition.

2. LITERATURE REVIEW

2.1 Introduction

A large body of work now exists on the topic of intuition (see for example Hodgkinson and Starbuck, (2008), Lange & Houran, 2010). However we still lack knowledge of many of its aspects and this paper hopes to fill some of these gaps. Definitions of intuition are not explored in any detail in this paper as these are covered extensively by other writers, (see for example Shirely & Langan-Fox, 1996, Sadler-Smith and Shefy, 2004; Erat & Von Krogh, 2000:4). However the work of Goldberg (1989) who is one of the few researchers to provide an expansive view of the roles of intuition will be discussed in section 2.3.3.

This literature review will firstly examine the epistemology of intuition as the nature of how managers can 'know' things through intuition is a matter of importance.

We then look at the conditions where intuition is likely to arise and how individuals experience it at the level of the body. The roles played by intuition are discussed including evidence for its success; the dual decision making model; Goldberg's work and intuition as a heuristic.

2.2 'Knowing' through intuition

Epistemology concerns the issue of what is considered to be acceptable knowledge in a discipline. Historically certain approaches have been considered appropriate in how we **know** knowledge and what knowledge is accepted as scientific. In researching intuition, one of the issues is on managers' claims to know things through intuition. The empiricists considered that true knowledge could only be gained through the five senses. The five senses were originally identified as sight, hearing, smell, taste and touch. Lawson (1997:1) makes the point that when the senses are alluded to, feeling is not included as one of them. The notion of a sixth sense is mentioned from time to time and is usually taken to refer to a special power held by some women – a type of 'magical' sense. Another interpretation of this idea of a sixth sense however is information collected through feeling and which individuals experience as 'gut feeling' or intuition. Gendlin (2001:5) who has built a reputation for his work on how the body senses information, claims that we need to understand knowledge differently. Gendlin considers that the reductionist approach of science is inadequate in explaining the human subject who is "more complex, more intricate (and) wiser" (2001:5) than current scientific methods can explain. Gendlin advocated that a new epistemology is required to appreciate the body as a 'self-sense making' entity. He argues that in making decisions one can attempt to capture all the factors and weight them to arrive at 'the decision', but even so one may feel that it is not the correct course of action. He proposes that our 'feelings' about the decision allows us to sense in a holistic way the full picture of all the factors involved, a task we cannot do on a purely logical basis due to the complexity of all the elements. He goes on to say:

"The problem naturally involves thousands of facets which cannot all be thought of at once. But one can feel the whole shebang at once."

(Gendlin, 1971:71).

Watts and Williams (*in* Cornwell, 2006:15 – 16) distinguish between knowing something at a cerebral level and knowing something intuitively. They say that the source of how the individual comes to know something (i.e., cerebral or intuitive) may not change *what* is known, but it radically changes *how* it is known. Karl Jung considered that our evolutionary origin as human beings is transmitted from generation to generation and that this information exists as patterns in the human psyche. Consequently our individual lives are influenced by this collective history, which Jung referred to as "the two million-year-old self," (Stevens *in* Cornwell, 2006:29).

Jung in his book on Psychological Types (1921) identified four types including the intuitive type. He argued that “The intuitive type ... has a very important function because he goes by hunches, he sees around corners, he smells a rat a mile away. He can give you perception and orientation in a situation where your sense, your intellect and your feelings are no good at all.” Jung states that intuitive types are to be found in such professions as medicine where it is important to pick up on underlying forces or clues. Here Jung recognized the limitations of analysis and identified seeing around corners and smelling rats as aids to the cognition process.

The next sub-section looks at the conditions likely to be conducive to intuition and how individuals experience it.

2.3 Conditions for, and experience of intuition

As stated earlier research on intuition has largely focused on developing definitions of it and trying to identify its role in decision making at a broad level. Less attention has been paid to identification of conditions for its emergence or to how it is actually experienced by individuals at a somatic level. The conditions under which intuition operate are explored by Walker (1953). Walker supports the view of others including Vaughan (1979), that intuitive forces are more likely to emerge when the intellect is silent, for example after a period of sleep. Lweicki, Hill and Bizot (1988) point out that the advice given to people to ‘sleep on it’ is to provide an opportunity for intuitive forces to come into play following rational analysis of a problem. Buddhism offers us a similar notion with its concept of ‘no-mind’, a state in which the rational brain is at rest, whereby an avenue for the intuitive forces to emerge is fostered.

Sadler-Smith and Shefy (2004:81) include an awareness of bodily sensations, thoughts and feelings as a means whereby individuals recognise intuitive forces, the so-called ‘gut-feeling.’ A large scale study by Parikh *et al.* (1994:75-76) which over 1,000 managers responded to, asked participants *inter alia*, how they identified intuition. The extent to which participants could articulate intuition was reported as low. The most common method identified however was through strong inner feelings and emotions.

2.3 The roles played by intuition

2.3.1 How successful is intuition in decision making?

Shapiro and Spence (1997:2) observe that a direct link between intuition and managerial decision making has not been identified to date. Supporting the view of Shapiro and Spence, the writers Khatri and Alvin (2000) agree that research on the use of intuition in management settings is limited. However existing research provides indirect evidence of its existence through comparisons of the level of forecasting the success of managers compared to forecasting models, with managers achieving higher success levels. The authors outline primary research studies from Berry and Broadbent (1987) and (1988), and Lweicki, Hill and Bizot (1988) which they use to support their position that “Managers should combine intuitive and analytical based judgments even if they come from the same person”, as biases in one can off-set biases in the other.

Mintzberg (1994) has extensive discussions on the relative roles of analytic versus intuitive processes in strategic decision making. He views them as complementary processes and argues that to discuss intuition as an irrational process is itself irrational as our understanding of the process is limited. It is a subconscious process and while we can identify some of its characteristics e.g. speed of decision making, it is still largely outside the scope of our understanding. By contrast analytical decision making is viewed as reliable and consistent. Both Mintzberg (1994) and Steiner (in Mintzberg, 1994) among others, hold the view that analytical and intuitive modes are intertwined. Despite the level of research evidence to date to support the role and importance of intuition in decision making, it remains an area largely ignored by the business community as a whole.

2.3.2 Dual model of Decision Making

The notion that decision making involves a combination of rational and intuitive modes is popular in the literature. Agor (1986), Barnard (1995) and Mintzberg & Westley (2001) are examples of researchers who have identified that both the rational mind and the intuitive mind, play a joint role in decision making. One of the earlier writers on the area of intuition, Chester Barnard (1968) considered that the logical and non-logical processes were complementary. He further considered that intuition was involved in virtually all decision making and that once the decision was reached executives often presented the decision using rational argument. Lange and Houran (2010) support this dual model view in a recent paper on the transliminal nature of intuition.

Scharmer (2009) cautions against letting the rational mind ‘talk one out’ of what has emerged intuitively. Scharmer’s Theory U, proposes that in making decisions we should

include a cognitive aspect (the head); an intuitive aspect (the heart) and an action aspect (the hand). He cites Brian Arthur, the founding head of the economics group at the Santa Fe Institute, (*in* Scharmer, 2008:56) who argues that there are two fundamentally different sources of cognition. The first source of cognition according to Arthur is accessing existing frameworks (or existing mental models). The second sources of cognition is identified as accessing one's inner knowing or intuition.

2.3.3 Goldberg's Diverse Roles of Intuition Model

Philip Goldberg (1989) appears to be one of the only researchers to present a comprehensive perspective to intuition and its complexities. He has examined its nature and divided it into six different roles. These are presented here for the reader as my research will reflect some of these roles.

Goldberg (1989) approached intuition from the perspective of the diverse roles of intuition at different stages / phases of the decision making process. He divided it into the following six stages / phases: discovery; creativity; evaluation, operation; prediction and illumination.

In relation to the Discovery category Goldberg includes sudden insights, for example the discovery of the DNA structure by James Watson and Frances Crick, (Goldberg, 1989:63).

He identified the Creativity category as dealing with "alternatives, options and possibilities", (Goldberg, 1989:65).

In his Evaluation category he raised the question as to what extent intuition assists with the evaluation of possible alternatives devised following rational methods. He proposes that individuals may turn to 'feelings' to select the final solution from the alternatives, (Goldberg, 1989:68). The evaluation function, may guide a decision maker to go down a certain route regarding a solution or not.

In the category he titles Operation he argues that some individuals feel "forced" to take, or not to take a certain course of action based on intuitive pressures. In other cases the intuition is more subtle. Jung titled this "synchronicity" or coincidences which were favourable to individuals, (Goldberg, 1989: 71).

In his Prediction category Goldberg says that in making a decision about the future, one is predicting it will lead to a certain outcome. Rational methods of decision making are

based on past trend projections and what is known about the future. As all possible information about the future is never known all decisions include a certain intuitive element as essentially a prediction is being made. Goldberg states “In virtually every prediction there is always some intuitive component” (Goldberg, 1989:73).

Goldberg titled his final category Illumination and identified this as the ultimate / highest form of intuition. He stated that it represents “the highest form of knowing” (Goldberg, 1989:75). It is the point of self-realization where the individual sees himself / herself as part of the great Cosmos. Other writers who refer to this type of intuition in the literature include Vaughan (1979) and Monsay (in Davis-Floyd & Arvidson, 1997).

2.3.4 Intuition as a Heuristic

Heuristics have been particularly identified with intuitive decision making. Heuristics are mental shortcuts individuals use to reduce the complex tasks of assessing probabilities and predicting values to simplify judgmental operations, (Tversky & Kahneman *in* Kahneman, Slovic & Tversky, 1982:3). The use of unconscious routines allows individuals to deal with the complexity of many decisions, (Hammond *et al.*, 2001). Heuristic modes allows individuals to make decisions quickly with minimal information based on rule of thumb. They enable the simplification of information based on previous experience or knowledge of an area.

Kahneman *et al.*, examine the role of heuristics in intuitive decision making. They use the terms *intuition* and *intuitive* in three different ways:

“First a judgment is called intuitive if it is reached by an informal and unstructured mode of reasoning, without the use of analytical methods or deliberate calculation.”

Second, a formal rule or fact of nature is called intuitive if it is compatible with our lay model of the world.”

Third, a rule or a procedure is said to be part of our repertoire of intuitions when we apply the rule or follow the procedure in our normal conduct.”

Kahneman *et al.*, (1982:494)

A limitation of heuristics is that they may lead to systematic errors as people generally use them without conscious awareness. When used inappropriately this results in biased decision making. Where individuals are under time pressure to reach decisions they reduce the time spent on collecting and assessing all the data. They can resort to heuristics in the decision making process. Both experts and non experts in a field may utilise heuristics and suffer from biased decision making as a result. Experienced

researchers, according to Kahneman *et al.*, (1982:18) are also prone to biases when they think intuitively.

A heuristic may act in an anchoring or adjustment manner where there is a tendency for the decision maker to be influenced by initial information even if it is irrelevant. According to this heuristic, decision makers commence their assessment from an initial value and adjust from that value to reach a final decision. Managers can commence the decision process from a base of recent events or trends or their own experience. Another example of anchoring is where the first proposed solution is used as a base against which all subsequent proposed solutions are measured. In relation to intuition managers may give more weight to their initial 'gut reaction' as opposed to subsequent hard data.

The next section outlines the methodology used in this research.

3. METHODOLOGY

3.1 Introduction

Research question - What are the elements that constitute the intuitive discourse?

This research is concerned with examining the discourse managers use when discussing decision making and in particular their discourse around intuition. The research for this paper is positioned within the interpretative paradigm. Using a partially grounded approach (Glaser and Strauss, 1999) data was collected and analysed and a conceptual model was developed inductively. The methods used in the research are discussed. As the research examines how managers talk about decision making it was considered important to include a discussion on managers' discourse.

3.2 Data Collection

Primary research consisted of twelve semi-structured interviews with Senior Managers, at the level of Director, Assistant Director or Chief Executive Officer in the public and private sectors in Ireland. Interviewees were asked to discuss a specific decision they were involved in within the previous three years. Interviewees were asked to select decisions using the criteria established by Eisenhardt (1989) to define strategic decisions. This required that decisions had to (1) involve strategic positioning of the business; (2) involve high stakes; (3) involve as many of the functions of the business as possible and (4) be considered representative of the process by which major decisions were made at

the firm. See Appendix 1 for Interview Schedule. See Appendix 2 for selection of the decisions discussed by interviewees.

The sample of twelve managers provided a very large volume of data for analysis. Miles (1979) notes that collecting and analysing interview data is very labour intensive but that such data provides 'rich' material for analysis. Accordingly the small sample size is defended on the basis that the interviews yielded a large volume of transcribed material (214 pages) for analysis. Only male managers were interviewed so this is a limitation of the research. Ten of the interviewees agreed to be taped and the transcripts were subsequently typed up. In the case of the other two interviewees, notes were taken concurrently during the interview by agreement. The interviews yielded fourteen decisions for analysis.

3.3 Discourse Analysis

This research explores how managers use language to achieve the task of making and implementing decisions within organisations. The research question is to identify the elements that constitute the intuitive discourse. Discourse analysis examines the way individuals talk and write about their world and how the world is constructed as a result. Those with an objective perspective view things like organisations as having existences of themselves. Constructionists highlight the active role of individuals in constructing reality. As such the reality of individuals is in a continual stage of change. For example, Becker (1982) argues that reality is constantly being defined and redefined.

Tietze et al. (2003:2) reminds us of the central role of language in both the creation and reflection of organisational realities. Wetherell *et al*, (2002:3) clearly identify that societies are mediated through discourse. They define discourse simply as "the study of language in use" (pg. 3), but expand this to include all types of meaning making, including interviews, engaged in by human actors. The focus of discourse analysis is on language as a "way of doing things", and not simply on its use as a tool in description and a method of communication (Wood and Kroger, 2000:4). Talk is used to **create** the social world and is not simply reflecting an external objective reality. Engaging in discourse also involves the construction of identity, (Wetherell *et al*, 2002:5).

3.4 Talking about Management

In researching management practice, researchers need to clarify differences between dominant post hoc descriptions, dominant practice and dominant normative theory. The current situation is that dominant post hoc descriptions largely ignore the messy and emergent nature of much management practice and describe the process retrospectively

using a rationalist discourse. It is anticipated that this piece of research will enhance our understanding of the practice of decision making as compared to dominant normative theory.

Language plays an important role in research. Tietze *et al*, (2003:1) point to the critical role of language in organisational life - both in the creation of 'organisational reality' and in providing a vehicle to talk about it. Furthermore they articulate the unstable, dynamic and complex nature of meaning and how this in turn affects what is perceived to be the 'truth' in organisational contexts (2003: 2). The skilled manager is conscious of how his or her communication will be received by their audience and the possible outcomes emanating from this.

Over time various professional groups develop a language used within the group e.g., social workers talk of children 'acting out' when they mean that they are acting in a negative manner (when they are unable to verbalize something) due to some emotional difficulty they have experienced; another phrase common to social workers is 'age appropriate activities' which is self-explanatory. Nevertheless both of these phrases are not in common usage by the general population. One of the outcomes of the development of a language specific to a professional group is the creation of an 'in-group' and 'out-group'. Once an individual takes up a role in a specific profession they need to be socialised in its particular language and then use that language to gain acceptance as a legitimate member of that group. Managers, similar to other groups, must adopt the discursive practices used by their group. In positioning Managers within society the traditional stereotype has been of a male (middle class) individual. A 'male' discourse is still dominant within the business world. Watson argues that

“Managers are pressured to be technical experts, devising rational and emotionally neutral systems and corporate structures to ‘solve problems’, ‘make decisions’, ‘run the business’. These ‘scientific’ and rational-analytic practices give reassurance but can leave managers so distanced from the ‘managed’ that their capacity to control events is undermined.”

Watson (1994:13)

Despite equality legislation the business world is still predominately an environment where men hold most senior positions and male values predominate. Colimore and Hern (in Ely et al. 2003:75) state that the majority of management positions in most organisations are held by men. They further point out that women hold less than five percent of senior management positions in the U.K. and U.S. and less than two percent of such positions in Australia and most other countries. The vast majority of Chief Executives of companies are male. At the end of 2010 only 2.8% of the CEO's of Fortune 1000 companies were females yet females comprise 40% of the MBA population (Arth 2010)

Collimore and Hearn sum up the dominant position of men in management when they say:

“Reflecting and reinforcing this numerical dominance is a masculine or masculine imagery that frequently pervades the management function and perceptions of it... Management ... is to do with taking charge, directing, especially in matters of war.”

(Collimore and Hearn in Ely et al. 2003:76)

The next section presents the research finding along with the conceptual model developed from the findings. Analysis of the data is provided along with a discussion.

4. FINDINGS, ANALYSIS AND DISCUSSION

4.1 Introduction

The findings from the twelve interviews will be presented in this section. The interviews yielded a total of fourteen decisions for analysis as some interviewees discussed more than one decision. The conceptual model which emerged following the analysis of the data is presented in Figure 1. The conceptual model is presented prior to the analysis and discussion to aid the reader in understanding the latter.

4.2 Summary of Decisions

Interviews were conducted with senior managers from a number of public, private and voluntary organisations. A total of fourteen decisions were extracted from the interviews. One of the interviewees, a national director with a public sector organisation elected to discuss decision making in general and did not provide a specific example. Extracts from the transcripts have been coded with the initials of the interviewee and also what sector they come from for ease of reading. The codes are as follows: P = Public sector; V = Voluntary sector and X = Private sector.

4.3 Deconstructing Intuition Model

Close examination of the interview transcripts surfaced three broad elements of the intuitive discourse, which I have titled ‘manifesting intuition’, ‘aspects of intuition’ and ‘externalising and rationalising intuition.’ The conceptual model developed inductively is presented in figure 1.

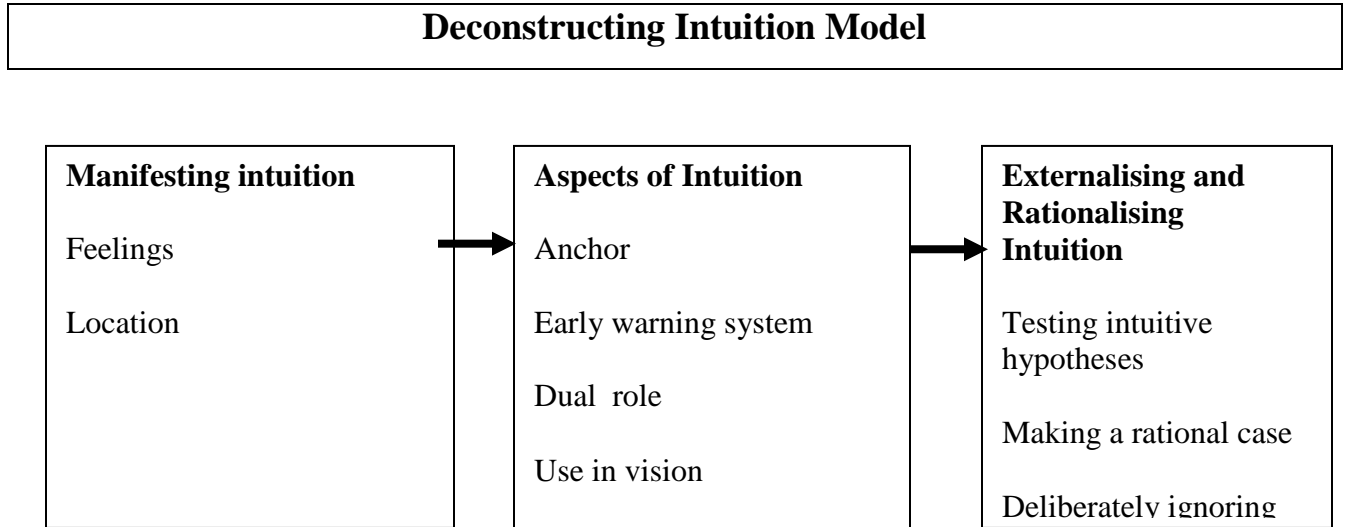


Figure 1 – Deconstructing Intuition Model

While some parts of the above model have been surfaced previously by other researchers the entire model has not previously been depicted as a framework whereby intuition is articulated in the public domain. Each of the three elements is now considered, supported by examples from the interview data.

4.3.1 Manifesting Intuition

4.3.1.1 Feelings

This component of the model considers how and where intuition is experienced. In relation to how intuition manifested interviewees’ spoke of the feeling response it evoked and place / time it was most likely to occur.

The Chief Executive of a property internet company, reporting on a project which the company had entered into and which had failed, talked about how he had conducted what

he called a last sense check with colleagues and despite misgivings had proceeded with the project anyway. He described it thus:

“.... I remember the day we got out of the project, the guy who was involved with me in making the original decision, just looked at me and he said ‘(Do) you remember the day we decided to do this, (we) were doing a last sense check on it and I turned to you and I said I have a bit of doubt about the people involved, but should we go with it? We both shared (the doubt), it was interesting.’” And he added *“and it was a fairly significant project that took up a lot of time and took a lot of reversing out of.”* X K. O.

The above extract is particularly interesting in that the interviewee refers to conducting a ‘sense check’ on the decision. His approach of conducting the ‘sense check’ is akin to Gendlin’s (2001) approach discussed earlier of using the entire body as a sense making entity. In the case of the above project, the manager unconsciously identified some factors that made him feel that the potential partners were not the right people to head up the project. If he had researched their backgrounds in more detail at that point he might have discovered what the source of his unease was. However, as everything looked good on paper he decided to proceed with the project. The importance of feelings is also highlighted in the next example.

The Chief Executive of a large voluntary organisation, speaking in relation to a significant change in the strategic direction of the organisation spoke of his ‘instinct’ in relation to the change. He credits his instinct with knowing the correct course of action and that his instinct is based on his extensive experience in the sector. Additionally he has used this experience to develop mental conceptual models which he calls frameworks.

4.3.1.2 Location

Three of the managers spoke explicitly of where they were likely to be when an intuitive impression struck them. In two cases the interviewees reported that they were in bed. Some writers consider that intuition is most likely to emerge when the rational mind is still, (for example Vaughan, 1979). Information that we may not have been consciously aware of during waking hours and which the mind considers important to us to know can be brought to our consciousness by intuitive impressions during sleep. The Deputy Director of Human Resources of a large public sector organisation, who had engaged in Transcendental Meditation for a number of years, admitted that his wife often said that he would jump up and jump out of the bed in the middle of the night and start to write down some thought that had come to him. He described his experience as follows:

“... I might be mulling over something for a day or more than a day and suddenly out of the blue ... in the most strange places (an idea will come to me) that if I didn't write it down (immediately it would be gone).” P M. C.

The notion that intuition can arrive “out of the blue” is common in intuition. Individuals use this term to describe the unexpected quality of the intuitive impression. Goldberg (1989:64) argues however that “dogged rational work in the preparation phase” nearly always precedes “out of the blue” intuitions.

4.3.2 Aspects of Intuition

This component of the model surfaced a number of strands which I have titled Aspects of intuition. The majority of interviewees considered that intuition played a role in the decision making process. It appeared to operate as an anchor or heuristic. References were also made to its role as a warning device; as a complementary force to analysis and as a visioning tool.

4.3.2.1 Anchor

In some cases a decision was initiated following an intuitive impression. Usually managers then attempted to validate this intuitive impression by analytical research, but nevertheless it could be argued that as a framing device it set the scene for the likely decision to be taken. The example below demonstrate the importance of an intuitive impression as an anchor. The manager responsible for granting of a €5.2 million tendering contract said

“... from the first glance of them (the documents) almost and having read a little bit about each of the organisations, I pretty well knew what organisation was going to get the tender.” P Q. R.

The manager above was employed in a senior capacity with a public sector organisation. He explained that the organisation had very stringent processes for the awarding of contracts including interviews with the companies who submitted tenders. He was conscious that he might have been overly favorable towards the company he intuitively considered suitable for the work and sought the views of other managers as to whether he was being completely fair in his scoring of the various applicants for the tender. The tender went to the company he first identified as suitable.

4.3.2.2 Early Warning Device

Some managers reported that they recognised intuition as a type of early warning system for potential dangers, which they sometimes ignored because the ‘rational’ arguments were persuasive and it was difficult to ‘quantify’ the intuitive information. For example, K. O. the Chief Executive of an internet property firm originally wished to expand into different lines of business but the other shareholders did not share his enthusiasm. Following much deliberation the decision was taken to sell the internet property firm. As K. O. outlines in the following two extracts intuition played an important role in the process:

“Then you begin to detect, well actually, you know, is the expansion of the business in line, really in line .. with the objectives of all the shareholders. And that’s when your gut begins to tell you something. And then really it’s about doing an about turn. So instead of expanding and investing, practically your sale process is the reverse of that.” X K. O.

He went on to elaborate as follows:

“and I think your intuition, your instincts begin to tell you things probably earlier than before they slap you in the face and I think that’s probably (what) happened in this case.” X K. O.

Intuition is seen to have a role in complex decisions where analysis is limited either due to the volumes of information to be assessed or where all crucial information is not available. While acknowledging the small sample size the analysis of the interviews suggests that intuition is just as likely to play a role in large multi-national companies as in small entrepreneurial start-ups.

4.3.2.3 Dual Model

The limitations of rational decision making are underscored in the following example. The Chief Executive of a large private company, D. O. discussed the role of intuition in relation to a £150 million sterling acquisition. He was of the view that despite undertaking extensive research on potential acquisitions all necessary information is never available and “there are instinctive things about these deals.” He underlined this point further by saying “In the end you do it because you believe instinctively it is the right thing.” D. O. acknowledged the importance of rational decision making while identifying it had limits. In relation to the acquisition, the company had availed of advice

from accountants and legal professionals. Nevertheless in the final analysis he considered that there was an intuitive element to the decision saying “the decision is driven by numbers. If there is something fuzzy about the numbers then it gets into the instinctive stuff.” The uncertainty regarding the ‘facts’ upon which decisions are to be made is also raised by Mezas and Starbuck (2008). They warn that decision makers should adopt a skeptical approach to data affecting their decisions as “apparent facts surrounding decisions are actually distributions of possible facts,” (pg. 83). In the preceding example D. O. acknowledged that despite undertaking extensive analysis prior to the acquisition decision, a gap existed between the ‘facts’ and his instinct regarding the decision and in that case the final decision was made using his instinct.

4.3.2.3 Intuition’s Role in Vision

Intuition appears to have been linked to vision by some of the interviewees. A number of interviewees spoke with an almost missionary zeal of how the vision they held of various projects spurred them on and they identified intuition as underpinning that vision. The Deputy Director of a large voluntary organisation considered that his intuitive feeling that a long running and difficult project was achievable, kept him motivated to move it forward in the face of many cynics. He said:

“I think it was quite crucial that I had a gut (instinct), that number one it was important and it had to happen and number two that it could be made happen and that it was achievable.” V. G. D.

In the above extract G.D. acknowledged that his vision based on his gut (instinct) has been positive in moving the project forward.

Another manager (T. I.) indicated that decision making is easy for him as the vision for his business provides for close coupling between the vision and the decisions required to support it. T. I. felt that as his intuitive feeling regarding certain business decisions were correct this also underlined the importance of vision. He said

“... the vision is part of the decision. If you have a vision of how things are going to work out, that makes the decision very easy.”

Other examples of the role of vision are provided in the following examples. K. O. noted a similar idea to that of T. I. when he said “If you’re very clear about what you want to get then the decision almost takes itself”. By contrast he pointed to the limitations of the rational model saying “You get lost sometimes in the process.” A similar theme was

echoed by interviewee M. C. who stated that his previous CEO spoke of the dangers of paralysis of analysis. It is argued therefore that an intuitive vision can provide a means of keeping focus in the decision making process, while rational models may so overwhelm decision makers with data that the cognitive processes become over loaded and no decision is reached.

4.3.3 Externalising and Rationalising Intuition

This component of the model deals with testing intuitive hypotheses; considering if and how managers bring intuition into the public domain (making a rational case) and considering why intuition might be deliberately ignored.

4.3.3.1 Testing Intuitive Hypotheses

Where managers had intuitive impressions they were unsure about, some of them ‘drilled down’ to try to identify the reasons for their feelings. In effect this entails testing of hypotheses developed intuitively. The force with which managers held intuitive impressions varied from very strong **‘Take this decision’** to vague feelings of unease that something was not quite right and warranted further research. In dealing with intuitive impressions decision makers adopted a number of stances depending to some extent on how strong the intuitive impressions were and their own level of trust in their intuition. A number of managers gave examples of ‘drilling down.’ In the first example a manager discussed an intuitive impression presented to him by one of his team. He acknowledged that their impression was likely to have merit and was a form of sensemaking which team members have not been able to fully articulate.

“Well I would have said to them ‘well you’re not taking those concerns out of the air, that (person) is doing something, saying something or behaving in a particular way that’s giving you that feeling.’” P Q. R.

Instead of dismissing the employee’s concerns which were based on ‘feelings’ instead of ‘facts’ the manager encouraged the employee to explore the source of the ‘feeling’ to see if there was evidence to support it.

In the next example another public sector manager identified intuition as a tool to provide a first intimation that a problem existed but needed to be surfaced through research.

*“But you do always get situations where you have a sense that that’s not right”
.... “and then you ask more questions, and you ask more questions and you finally
get down, you layer it down, you get enough information to make it an informed
decision then.” P M. E.*

Here again the manager recognised the potential value of his intuitive response as a tool to guide an information search. His approach of ‘layer it down’ echoes the ‘drilling down’ metaphor used by some of the interviewees. The drilling metaphor is used to identify the search for something valuable (similar to drilling for oil). By referring to ‘layer it down’ the manager gives the impression that by searching extensively the solution will be found.

The examples above point to managers who have developed the ability to focus in on what has not yet been verbalised (Gendlin, 1978:167). Implicitly these managers recognise the need to surface unconscious feelings and are using a holistic approach to decision making. Recent research by Lange and Houran (2010) based on a survey of 889 individuals spanning four management levels strongly suggest that intuitive individuals have greater interaction of right and left brain hemispheres.

4.3.3.2 Making a Rational Case

A number of stances are adopted by decision makers attempting to rationalise intuitive impressions. In some cases managers attempted to validate an intuitive impression with analytical research. This further research was sometimes conducted in order to be able to convince others involved in the decision process. M. C. stated that the development of a staff counselling scheme “started off as a gut feeling.” Later on he said “A combination of, but I’d say the gut feeling was quite an important part of it but it had to be supported then with concrete facts.” He advocated that it was necessary to present a business case to other senior executives to gain financial support for the project to proceed. He presented a large range of arguments to support the project – “I had to convince the funders that this was worthwhile,”..... “and that it would fit with the business of the organization,”“it can also reduce absenteeism,” “it creates a feel good factor as well,” “it also has benefits in that ..it can avoid litigation”. As can be seen M. C. used the rational discourse to stress the financial benefits to the organisation by way of reducing litigation and reducing absenteeism along with increasing employee motivation to secure support for the project to proceed.

4.3.3.3 Deliberately ignoring Intuition

The importance of presenting the case for a decision in the dominant rational discourse to others involved in the decision process was acknowledged. Watson (1994:24) identified that one of the central roles of managers is persuading others, providing justification for decisions and seeking to build support for a position. This management role requires that decisions are framed in the hegemonic discourse.

In some instances decision makers were unable to articulate a rationale for a negative intuitive impression about some decision and 'allowed' the stronger rational argument to win the day. Following implementation of such decisions arrived at 'rationally' a failure of the project led decision makers to reflect on the dissonance between their initial intuitive reservations and why they might have had such reservations. In all cases of failed decisions the interviewees identified the factors which led them to their initial intuitive reservations but which they were unable to identify consciously at the time of the decision.

Managers may ignore intuition either because they lack confidence in it or they are unable to translate the intuitive impression into a sufficiently persuasive rational case. Some managers decided to ignore the intuitive impression as the 'rational' arguments were stronger.

4.4 . Summary

The Deconstructing Intuition Model presented in this section has attempted to explore the construct of intuition and identify its elements as presented in the interview data. The three elements of the model, namely Manifesting intuition; Aspects of Intuition and Externalising and Rationalising Intuition demonstrate important sub-components of intuition and help to explain how managers can move from 'feeling' an intuitive idea to operationalising and legitimising it in the business world. It is anticipated that this model will further demystify intuition and highlight its importance as a valuable tool in the decision making armoury of managers.

5. CONCLUSION

The aim of this piece of research was to examine the discourse engaged in by managers when discussing strategic decision making. In particular it focused on managers' discourse with regard to intuitive decision making. The extent to which the twelve managers' who were interviewed presented examples of decisions where there was an explicit reference to the use of intuition was surprising. The small sample size is a

limitation of this research. As the interviews progressed it appeared that managers working in organisations which were more likely to be subject to public scrutiny engaged a rational discourse to explain and 'sell' decisions which had been taken intuitively. By comparison it appeared that managers working in small private sector or family businesses had more latitude to action intuitively made decisions. As these latter managers did not have to 'sell' decisions to such an extent as their public sector counterparts there was not as much pressure on them to 'convert' their intuitive decision into a rational discourse to progress it.

The research contributes to closing the gap between dominative normative theory, dominant practice and dominant post hoc descriptions in relation to decision making and specifically the role of intuition therein. The normative model of decision making is viewed as a sequential and highly structured model but the reality of decision making is much more messy. To date few studies exist on dominant practice, the study by De Bony (2005) on Dutch decision making practice is one example. In post hoc descriptions of decision making, decision makers are likely to use a rational discourse as we saw earlier.

Despite the limitations of the small sample size this research contributes to the growing body of work which supports the view that intuition is a valid psychological phenomenon (Lange and Houran, 2010). As we gain greater knowledge of how the brain functions intuition will be recognized as a central and necessary component of managers' decision making tool kits. It is also anticipated that training in intuitive skills will become a component of progressive management development programmes in the future.

REFERENCES

- Agor W. Ed., (1989), *Intuition in Organisations: Leading & Managing Productively*, Sage Publications, London
- Arth B. (2010), Leadership drives Business,
<http://www.bernsin.com/blog/post.aspx?id=3737ead5-bb97-4455-850b-6fcdf54b84ba>,
accessed 3rd June 2011
- Barnard C. I, (1968), *The Functions of the Executive*, 30th Ann Ed., Harvard University Press, Cambridge, M.A., Originally published 1938
- Barnard C. I., (1995), “Decision processes as analysed by Chester I. Barnard”, *Journal of Management History*, 1(4): 4 – 27
- Becker H. S., (1982), “Culture, A Sociological View”, *Yale Review*, 71:513 – 527
- Behling, O. & Eckel, N. L. (1991) “Making Sense Out of Intuition”, *Academy of Management Executive*, 5 (1):46 – 54.
- Berry, D. C. & Broadbent, D. E. (1987), “The Combination of Explicit and Implicit Learning Processes in Task Control”, *Psychological Reports*, 49 (1):7 – 15.
- Berry, D. C. & Broadbent, D. E. (1988), “Interactive Tasks and the Implicit-Explicit Distinction”, *British Journal of Psychology*, 79 (2):251 – 272.
- Cabantous L., Gond J. P, & Johnson-Cramer M., (2008), ‘The Social Construction of Rationality in Organisational Decision Making’, Ch. 21, pg. 399 – 417 in Hodgkinson G. & Starbuck W., (Ed.), *The Oxford handbook of Organisational Decision Making*, Oxford University Press, Oxford

Cornwell L., (2006), *Dreams: The Path to Wholeness*, SPCK, London

Davis-Floyd R., & Arvidson P. A. eds., (1997), *Intuition, the inside Story: Interdisciplinary Perspectives*, Princeton University, Routledge, New York

De Bony J., (2005), *Decision Making in Organisations: Unlocking the Potential: Dutch decision as rooted in Dutch Culture: An Ethnologic Study of the Dutch Decision Process*, 21st EGOS Colloquium, Berlin June 30th – July 2nd

Eisenhardt, K. M., (1989), Making Fast Strategic Decisions in High-velocity Environments, *Academy of Management Journal*, 32 (3):543 – 576

Ely R. J., Foldy E. G., & Scully M. A., Ed., (2003) Reader in Gender, Work and Organisation, Centre for Gender in Organisations, Simmon School of Management, Simmons College

Erat, P. & Von Krogh, G. (2000) *Intuition and Strategic Rationality in Strategic Decision Making*, Institute of Management, University of St. Gallen, Switzerland, Presented at Strategic Management Society, 20th Annual International Conference, Vancouver

Gendlin E., (1971), “On Decision Making”, in B. Marshall (Ed.,) *Experience in being*, pp. 65 – 74, Belmont CA., Brooks /Cole

http://www.focusing.org/gendlin/docs/gol_2094.html (accessed 3rd June 2011)

Gendlin E., (2001), *On the new epistemology* (extract from Gene Gendlin’s awards talk at the American Psychological Association, Aug 6, 2000), Staying in Focus. The Focusing Institute Newsletter, 1 (2), 5 – 6.

http://www.focusing.org/gendlin/docs/gol_2173.html (accessed 6th June 2011)

Gladwell M., (2005), *Blink: The Power of Thinking without Thinking*, Penguin, London

Glaser B., & Strauss A., (1999), *The Discovery of Grounded Theory: Strategies for Qualitative Research*, Aldine De Gruyter, New York

Goldberg P., (1989), The Many Faces of Intuition, (Pg.41 – 62) in Agor W. Ed., *Intuition in Organisations: Leading & Managing Productively*, Sage Publications, London

Hammond, J. S. Keeney, R. L. & Raiffa, H. (2001), “Even Swaps: A Rational Method for Making Trade-offs”, *Harvard Business Review on Decision Making*, Harvard Business School Publishing Corporation, pp. 21 – 44.

Hodgkinson G. & Starbuck W., (Ed.), (2008) *The Oxford handbook of Organisational Decision Making*, Oxford University Press, Oxford

Kahneman D. and Tversky A., (1982), Subjective Probability: A Judgement of Representativeness, in Kahneman D., Slovic P., and Tversky A., (Eds.), *Judgement under Uncertainty: Heuristics and Biases*, Cambridge University Press, New York

Khatri N., & Alvin H., (2000), The Role of Intuition in Strategic Decision Making, *Human Relations*, 53 (1) :57 – 86

Klein, G. (2003), *Intuition at Work*, Currency & Double Day, New York.

Lange R., & Houran J., (2010), A Transliminal View of Intuition in the Workplace, *North American Journal of Psychology*, 12 (3):501 - 516

Lawson D., (1997), *How to develop your sixth sense*, Thorsons, London

Lewicki, P., Hill, T. & Bizot, E. (1988) “Acquisition of Procedural Knowledge about a Pattern of Stimuli that cannot be Articulated”, *Cognitive Psychology*, 20 (1):24 – 37.

Mezias J. & Starbuck W., (2008) 'Decision Making with Inaccurate, Unreliable Data', Ch 4, pg 76 – 96 in Hodgkinson G. & Starbuck W., (Ed.), *The Oxford handbook of Organisational Decision Making*, Oxford University Press, Oxford

Miles M., (1979), Qualitative Data as an Attractive Nuisance: The Problem of Analysis, *Administrative Science Quarterly*, 24 (4):590 - 601

Mintzberg H., & Westley F., (2001), "Decision Making: It's not what you think," *MIT Sloan Management Review*, 42 (3): 89 - 93

Mintzberg H., (1994), *The Rise and Fall of Strategic Planning*, Prentice Hall, New York

Parikh J., Neubauer F., & Lank A., (1994), *Intuition: The new Frontier of Management*, Balckwell, Santa Cruz

Sadler-Smith E. and Shefy E., (2004), "The Intuitive executive: Understanding & applying 'gut-feel' in decision making," *Academy of Management Executive*, 18 (4):76 – 91

Sadler-Smith E., (2008), *Inside Intuition*, Routledge, London

Scharmer C. O. (2008), Uncovering the Blind Spot of Leadership, *Leader to Leader*. Winter, Pg 52 - 59

Scharmer C. O. (2009), *Theory U*, Berrett-Koeller Publishers, C.A.

Shapiro, S. & Spence, M. (1997) "Managerial Intuition: A Conceptual and Operational Framework", *Business Horizons*, 40 (1):63.

Shirley D. A. & Langan-Fox J., (1996), Intuition: A review of the literature, *Psychological Reports*, 79: 563 – 584

Tietze S., Cohen L., & Musson G., (2003), *Understanding Organisations through Language*, Sage Publications, London

Vaughan F., (1979), *Awakening Intuition*, Anchor, New York

Walker K., (1953), *Only the Silent Hear*, Jonathan Cape Publishers

Watson T. J., (1994), *In Search of Management: Culture, Chaos and Control in Managerial Work*, Routledge, London and New York

Wetherell M., Taylor S., & Yates S. J. (2002), *Discourse Theory and Practice: A Reader*, Sage Publications, London

Wood L., & Kroger R., (2000), *Doing Discourse Analysis: Methods for Studying Action in Talk and Texts*, Sage Publications, London

Appendix 1
Interview schedule - extract

Name:

Title:

Number of years in current position:

Number of years in senior management position:

Organisation – size and type

Can you discuss one strategic decision you have taken in the past 3 years.

1. Can you talk about the process of making the decision – time span, who was involved, how ‘political’ was the decision, did the process take any unexpected turns in your view, how did it work out (the process of making the decision) compared to what you expected?
2. To what extent did you rely on past experience in making that decision?
3. Did you have any ‘gut-feelings’ regarding the decision in question?
How did these express themselves? Did they impact on the decision or did your Rational mind or someone else ‘talks you out of it’?
4. Did you think it was important to have a vision of what you wanted to achieve prior to making the decision? If you had a vision at what point in the process did you arrive at the vision?
5. How clear was the information about the decision?

Other questions

8. Can you give me an example of where you used ‘gut’ instinct in reaching a strategic decision?

8.1 If “Yes” - How did it work out?

9. How do you know you were / are using intuition – how does it express itself?

10. In what type of decision situations are you more likely to use intuition?

11. Do you ever get information ‘from nowhere’ i.e. an idea just comes to you?

12. Where do you think such information comes from?
13. What factors encourage intuition in your view?
14. Do you spent any periods of time in silence? Meditation?
15. Do you think it is important to have a vision of what you want to achieve prior to making the decision? At what point in the process did you arrive at the vision?

Appendix 2

Sample of Decisions

Brief Description of the decision
Major restructuring of a service offering with a capital cost of 5 – € million and an operational cost of €5 million Timeframe 3 – 4 years
Acquisition of competitor company valued at £150 million sterling Timeframe 6 – 8 months
Tendering of a service worth €2 million
Selling the company Timeframe – Took 6 months to decide to sell as original plan was to expand into new areas with existing shareholders
Construction of a new facility valued at €7.5 million Timeframe – in excess of 10 years
Remodeling the service design Timeframe – on-going at time of interview
Establishing a new project with external partners Timeframe – since terminated
Purchase of a building / expansion of the business Timeframe – Decision to purchase specific building made in principle 5 – 6 years before it came on the market. Time frame for actual decision about 8 years
Establishment of a new consultancy business Timeframe – on-going at time of interview

