

Chapter 18

Intuition in Decision-Making on the Example of a Non- Profit Organization

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ABSTRACT

The purpose of this chapter is to identify the level of intuitive potential and the extent of its use in decision-making processes in non-profit organizations, and to identify what factors determine the use of intuition in practice. To this end, a non-profit organization called “I Have a Dream” Foundation is analysed using the case study method. This chapter consists of five main parts. Firstly, the concept of intuition is defined and its importance in management and decision-making in particular is identified. Then, the issue of management of non-profit organizations and the emerging professionalization trends in this area are discussed. At the same time, the author seeks to answer the question of whether it is an opportunity or a threat. Further, the research subject, “I Have a Dream” Foundation, and the research sample are characterized. The final part of the chapter presents cognitive results of the study.

INTRODUCTION

The development of management science is affected by many disciplines such as economics, statistics, computer science, finance, psychology, sociology, cognitive science and neuroscience. The consequence of the interdisciplinary nature of management science is the emergence of new theories and concepts of management, while a literature review leads to the conclusion that behavioural management concepts are characterized by the strongest growth dynamics (Jarzabkowski & Balogun, 2009, pp. 1255-1288). This trend has an impact on both macroeconomic and microeconomic areas. Its specificity is that it explains phenomena occurring in an organization or its environment by means of concepts and theorems in the field of psychology, allowing the subjective perception of a human being both in processes and the socio-economic space (Agor, 1998, p. 199). The phenomenon of humanization was reflected in the transformation of the importance of strategic resources, in which the focus was moved from the

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material resources in the direction of intangible, especially human resources (Jędrzejczyk, 2013, p. 10). Some intangible assets are already of interests to management practitioners and theorists. This applies to intellectual capital and knowledge (Drucker, 1993). It should be noted, however, that in an economy dominated by information and knowledge, analysis ceases to be the sole and sufficient source of knowledge. Managers seek alternative ways of obtaining and interpreting information and knowledge. Here, managerial intuitive potential begins to play an important role. Not all processes and phenomena can be predicted and planned based on logic and previously proven algorithms of action, prompting decision-makers to use their intuitive potential defined as the ability to acquire knowledge without rational reasoning and inference. A competent manager can use rational, analytical and synthetic decision parameters for establishing the risk-return relationship. Logic and deduction facilitate the decision-making process only to a certain stage, and taking effective decision requires the use of intuition (Samuelson, 1998). Intuitive potential, according to the top-level management practitioners, is one of the most important abilities that are used in decision-making and improve management efficiency. Wrong decisions taken by managers often result from underestimating their intuitive potential or intentional blocking of this potential (Agor, 1998 –a conclusion to the study conducted by the author). Studies show that people have a natural, innate tendency to carry out a rapid and efficient synthesis and selection of information. This process, however, can be disrupted by much time-consuming, rational, often not very useful analytical work and related formal procedures of data processing, which in turn may adversely affect the efficiency of decision-making processes (Dane & Pratt, 2007, p. 33). Limited use of intuitive potential can be eliminated by improving it and increasing its use, but this requires awareness and acceptance of intuition (Bernais 2001, p. 220). Therefore, one can conclude that the possession of intuitive potential does not condition the effectiveness of a decision-making process. The effectiveness depends on the extent of its use. The author assumes that the level of intuitive potential and the extent of its use are not the same. A decision-maker may have a certain level of intuitive potential, but because of internal determinants (e.g., personality traits, the logic of thinking, preferred work style) and external determinants (e.g., the structure of a problem, the organizational culture of a company, time pressure), they may not use it in a decision making process.

Exploiting intuitive potential is today not only a new way of knowing, but also a key element of effective decision-making processes. The need to exploit intuitive potential results from the increase in the complexity and turbulence of the environment, which make it difficult or impossible to take strategic decisions that would be consistent with the logic of the rational decision-making model. The use of intuitive potential provides managers with a new approach to solving problems and enables effective decision-making under the following conditions: information noise, shortage of information, a high level of uncertainty, in situations where there are several acceptable alternative solutions, when there is a shortage of time or resources, variables are scientifically predictable to a limited extent, and analytical data are of little use (Tokarski, 2001, p. 266).

The question is to what extent members of organizations use intuition in decision-making practice. The literature presents numerous studies concerning this issue with respect to business organizations (Epstein, 2008, pp. 23-37; Agor, 1998, pp. 206-207; Parikh, Neubauer & Lank, 1994; Burke & Miller, 1999, pp. 91-99; Klein, 1998; Khatri & Alvin, 2000, p. 57; Tokarski, 2001, pp. 272-273; Slovic, 2004, pp. 311-322; Lipshitz & Shulimovitz, 2007, pp. 212-133; Woiceshyn, 2009, p. 300; Dane & Pratt, 2009, pp. 1-40; Glockner & Witteman, 2010, pp. 1-25; Kahneman & Klein, 2009, pp. 515-526; Hensman & Sadler-Smith, 2011, pp. 51-66; Kowalewski, 2012, p. 517; La Pira, 2012, pp. 5-11; Jędrzejczyk, 2013,

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