

Chapter 3

Management Theory: A Systems Perspective on Understanding Management Practice and Management Behavior

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ABSTRACT

This paper develops a systems perspective on the interdependent relationships between management academics, management theory and management practice. The author re-examines issues raised by Ghoshal, not only about how the uncritical acceptance of an ideologically based gloomy vision of human nature has led to “bad management theories ... destroying good management practices”, but also how practice can impact the development of theory. The approach provides an opportunity to reinterpret and reveal the systemic nature of related feedback and learning processes labelled as the double hermeneutic by Giddens (1987) and as reciprocal determinism by Bandura (1978), to draw a parallel with the role of theory in the decision sciences. This paper provides a constructive illustration of the use of the systems representational tools of system dynamics to develop a systems perspective on these matters to identify the underpinning systemic structure that gives rise to Ghoshal’s views. Finally, the author identifies a means of addressing issues of concern to management theorists, analysts, and practitioners.

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INTRODUCTION

The *Gloomy Vision* and the Decision Sciences

Those working within the domain of the decision or management sciences (DS or MS), or operations research (OR), often find themselves confronted by a double-headed *gloomy vision*. Not only do management books paint a gloomy picture of the problem-solving and decision-making abilities of managers and organisational decision makers (Simon, 1987), highlighting the decision traps faced by managers (Russo & Schoemaker, 1989) and the common failings of managers (Gasss, 1989; Nutt, 2002), but also that a *gloomy vision* of human nature pervades, whereby managers and others are viewed as untrustworthy and self-centred (Ghoshal, 1996, 2005). The former lack of abilities include, for example, weaknesses in the *appreciation, analysis, assessment* and *action* phases of problem intervention -a failure to appropriately frame decision problems or problem situations; a failure in direction setting – that is, to determine inclusive, acceptable strategic goals and values; a tendency to jump in and act precipitously; a failure to understand or accommodate stakeholder influences and needs; a tendency to towards overconfidence and to overestimate one's predictive ability, sphere of influence or influence on past successes and future outcomes; a failure to learn from prior actions; a failure to recognize or address ethical dilemmas or the importance of ethical values; etc (Russo & Schoemaker, 1989; Senge, 1992; Bazerman, 1996; Nutt, 2002). Some consequences are what many perceive to be the predominance of a fire-fighting mentality, and the preponderant, often unquestioning, use of management theory that has taken on the guise of managerial fad and fashion, such as quality circles, JIT, BPR, Six Sigma etc. - with managers having the expectation that use of these tools or processes, even in isolation, will help address their wider problems and deliver riches.

However, no matter what theory may be providing guidance, managers may have framed their problems inappropriately, made inappropriate assumptions, tackled the wrong problems, attacked problems at the wrong levels, or just addressed them in poor fashion. Problems poorly addressed create more problems and take longer to fix in the long-term. Senge (1990, 1992) describes this common behaviour in his *Fixes that Fail* and *Shifting the Burden* archetypes. In the former, *Fixes that Fail*, an inappropriate fix might work in the short term but make the problem worse in the long term. In the *Shifting the Burden* archetype, the quick fix not only makes the problem worse in the long term, but also undermines the effectiveness of any other alternative fix that could be used.

In all of these situations, several features usually stand out. They include the lack of an overall perspective, the systems or holistic view (Maani & Cavana, 2000; Sterman, 1996); and a related inability to think about inter-relationships and connectivity between parts of the system and its external environment, the wider stakeholder community, their values and views, about the wider systemic consequences over time, that is, within and without the system. More specifically, the lack of a systems view may include the related inability to think about the time-related, dynamic nature of cause-effect relations and about feedback over time, where effect(s) may be delayed, and where there may be no single cause, but where the “cause” may be the complex of emergent effect(s) of other inter-relationships. The whole, then, is more than the sum of the parts; it is the consequence of the connectivity of the parts. Other features that stand out include behaviour of seeming irrationality, and behaviour suggesting lack of awareness of the values and perspectives of others. In essence, these are features suggesting that some formal processes may be needed.

It is the Decision Sciences (DS), the System Sciences and Operations Research /Management Science (ORMS), the latter adopting the phrase, ‘*The Science of Better*,’ which have attempted to

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