University of Wollongong
Research Online

Faculty of Commerce - Papers (Archive)

Faculty of Business

2005

Unbounded rationality: the role of connectedness in right decision-making

Mario Fernando
University of Wollongong, mariof@uow.edu.au

S. Burrows
University of Wollongong

Publication Details

Fernando, M. & Burrows, S. (2005). Unbounded rationality: the role of connectedness in right decision-making. ANZAM 2005 Conference, Australia New Zealand Academy of Management. Canberra: Australia New Zealand Academy of Management.

Research Online is the open access institutional repository for the University of Wollongong. For further information contact the UOW Library: research-pubs@uow.edu.au

Unbounded rationality: the role of connectedness in right decision-making

Abstract
This paper reports the preliminary findings of a study examining the role of connection in right decision-making of managers operating in Australia. The key aims of the study are to identify the influence of connectedness in the ethical outcomes of right decision-making, to identify barriers to right decision-making and lastly, to examine the nature of any relationship/s between connectedness and unbounded rationality in right decision-making. The study compares and contrasts eight case studies of middle and senior managers drawn from information technology, service and manufacturing sectors. The primary data for the study are in-depth interviews. The findings suggest that connection has a significant influence on the ethical decision-making of participating Australian managers—in that a frame of reference based on a connection with self is likely to be a source of inspiration, guidance, and solace to managers' decision-making. The study further suggests that when managers make decisions within such a transcendent frame of reference, their ethical decision-making has potential for improvement.

Disciplines
Business | Social and Behavioral Sciences

Publication Details
Fernando, M. & Burrows, S. (2005). Unbounded rationality: the role of connectedness in right decision-making. ANZAM 2005 Conference, Australia New Zealand Academy of Management. Canberra: Australia New Zealand Academy of Management.

This conference paper is available at Research Online: http://ro.uow.edu.au/commpapers/158

Unbounded Rationality:

The Role of Connectedness in Right Decision-making

Dr. Mario Fernando

School of Management and Marketing, University of Wollongong, Australia

Email: mariof@uow.edu.au

Mr. Scott Burrows

School of Management and Marketing, University of Wollongong, Australia

Email: sburrows@uow.edu.au

Stream: Ethics & Corporate Governance/Organisational Behaviour

Presentation Mode: Paper presentation

Unbounded Rationality:

The Role of Connectedness in Right Decision-making

Abstract

This paper reports the preliminary findings of a study examining the role of connection in right decision-making of managers operating in Australia. The key aims of the study are to identify the influence of connectedness in the ethical outcomes of right decision-making, to identify barriers to right decision-making and lastly, to examine the nature of any relationship/s between connectedness and unbounded rationality in right decision-making. The study compares and contrasts eight case studies of middle and senior managers drawn from information technology, service and manufacturing sectors. The primary data for the study are in-depth interviews. The findings suggest that connection has a significant influence on the ethical decision-making of participating Australian managers—in that a frame of reference based on a connection with self is likely to be a source of inspiration, guidance, and solace to managers' decision-making. The study further suggests that when managers make decisions within such a transcendent frame of reference, their ethical decision-making has potential for improvement.

Keywords: *decision-making, ethics, connectedness, unbounded rationality*

UNBOUNDED RATIONALITY:
THE ROLE OF CONNECTEDNESS IN RIGHT-DECISION MAKING

SHAKUN, RIGHT DECISION-MAKING AND CONNECTEDNESS

Decision-making in the management literature is explained through a number of distinct models. At the centre of the decision-making process is the individual decision-maker, who experiences demands and pressures from a number of sources. Fritzsche (1991) notes that personal values of the decision-maker instigate the dominant level input into the decision-making process. Barnett and Karson (1987) found that, in most cases, the decision outcome could be predicted by the personal values of the respondents. There is some evidence to suggest that a frame of reference based on a connection with a transcendent reality is likely to be a source of inspiration, guidance and solace to business leaders' right decision-making (Fernando, 2005). Central to right decision-making was connectedness. To the best of our knowledge, no empirical studies have been conducted by management scholars to directly assess the influence of connectedness on the 'right' decision-making of Australian business managers.

The present study is developed on Shakun's (2001, 1999) notion of unbounded rationality. According to the dictionary usage, the rationality of actions means that actions are reasonable (i.e. based on reason) with regard to producing the goals. In other words, reasonableness is determined on the basis of the relationship between the action and goals (Shakun, 2001: 108). He notes that Simon's (1978) substantive and procedural rationality are consistent with this common, dictionary meaning of rationality. The emphasis, he says, is on reasoning. He suggests that when individuals make decisions that result in right decisions, they go beyond Simon's (1955 and 1956) notion of bounded rationality. Shakun (2001: 108) claims that right decisions are not only bounded by cognition, but also by affection and conation. Conation refers to the connection of knowledge and affect to behaviour and is associated with the issue of 'why'. It is the personal, intentional, goal-oriented or striving component of motivation—the proactive (as opposed to reactive or habitual) aspect of behaviour (Huitt, 1999). It is defined as

the use of will or the freedom to make choices about what to do. According to Huitt (1999), conation becomes critical when an individual wants to successfully engage in self-direction and self-regulation.

Right decision-making is rational or reasonable not only in terms of achieving its goals under cognitive abilities, but also in the ability to experience and act according to a connection with a lager, ultimate whole than the decision-maker.

It is in this context that this study considers the extent of a connectedness in decision-making. The paper is arranged as follows. Following this review of relevant literature, the paper presents the methodology of the study, followed by a presentation of the results. The paper concludes with a discussion of the findings and the implications for decision-making and future research.

METHODOLOGY

The case study approach was used to compare and contrast eight case studies of Australian business managers. The data was collected through in-depth, face-to-face interviews with the managers. To capture a rich narrative of the research topic, an open-ended interview guide was developed with the aim of taking between one and a half and two hours to complete.

We envisaged that right decision-making would be more pronounced and indicative in middle to senior managers than junior level employees. Potential participants were initially approached via telephone. In total, we contacted 15 participants. Only eight agreed to take part in the study. Participants' consent was obtained prior to the interviews and all participants were provided with an information sheet.

Participants

A majority of the participants said their families were influential in their life's success. Other success factors were attributed to personal values, upbringing and honesty.

Table 1 About Here

Only one participant mentioned ethics. Participants' role models included immediate family members, business partners, bosses, prominent Australian entrepreneurs and motivational speakers.

INTERVIEW RESULTS AND ANALYSIS

As opposed to an intuitive decision-making style, common among participants' decision-making approach was a style based on bounded rational thinking. For example, one participant observed:

> I have a model and a diagram but it is still value laden. I have to be clear on the decision I'm taking. Information is useful and it clarifies what a decision may look like. It also gives me options.

Commonly used models included the fishbone technique, flow-chart and mind mapping. For example, a partner of a law firm observed:

> I draw a picture in my head and gather data that supports my position. That picture is usually a diagram with data flowing from it. With that picture of the data I give myself options, in a step-by-step fashion. The options are related to how I think the firm should be running and how I will implement these ideas/objectives in a practical way.

Others used 'research or marketing' to gather information on the market and make accurate decisions.

The findings indicate that all eight participants relied on personal values in arriving at the 'right' decision. 'Right' in the sense that after the decision was implemented, participants did not experience a sense of guilt. As indicated by the example below, this sense of 'rightness' was experienced through a process of 'clearing the conscience' or self-reflection.

> I clear my conscience by thinking that I have made the right decision. I always think if things were done differently, how would I react? I only think twice if I'm a bit iffy about a decision. I clear my conscience by not making a decision that contravenes my values.

All participants connected internally with 'self' to ensure their decisions produced the 'right' outcome. This was exemplified from the following statement on how a manager dealt with bad decisions.

> If I know it was the wrong decision and I didn't have the guts to make the right decision, then that troubles me.

Several participants described ethical decision-making mainly in terms of complying with legislation. For example, 'we have lots of client information and disclosing it to another person is highly unethical'. Explaining further, this personnel manager said, 'the dimensions are not moral—they are guided by privacy legislation'. In another case, privacy legislation helped a bank manager to make an 'ethical' decision when the mother of an intellectually disabled man was demanding information of her son's account balance. According to Trevino's (1986) Person-Situation Interactionist model, we identified several situational moderators or 'compromising factors' that influenced participating managers' right decision-making. Several participants spoke of the compromises they have to make in making right decisions. Often, a compromising factor to right decision-making was the constant conflict between organisational policies, personal values and relationships with others—customers, staff and suppliers. For example:

> I am an Australian Quality Awards Evaluator. I was offered work in a defense contracting company and their principal business objective was making different parts of bombs. I faced a major ethical issue because I did not want to work on military parts. I rejected the job because I didn't want to get involved in war.

A bank manager observed:

I always consider customers and staff but also at the same time make sure the decisions I make are potentially profitable. I look at the ramifications on the customers and staff. My ethical standards are making sure the customers come first and the impact my decisions have on them.

The partner of a law firm observed:

> Within the decision-making process people can sometimes become an issue. Putting employees in the picture is sometimes hard as it is difficult to predict certain aspects of their behaviour.

The majority of the participants faced ethical dilemmas due to decisions concerning relationships with partners, consumers and public. For example:

> An ethical dilemma arose because of the main partner in the company. He didn't agree with my ideas and I couldn't get rid of him because I have known him for many years from university days.

In the majority of the cases, the impact of these situational moderators on personal values suppressed the right way of making decisions, and forced participating managers towards non-connectedness. Although the findings are unique to the historical, geographical, and cultural specificities of the participating managers, this study provides early empirical evidence of the influence of connection on right decision-making in Australia.

DISCUSSION

Shakun (2001: 108) claims that right decisions are not only bounded by cognition, but also by affection and conation. Right decision-making is rational or reasonable not only in terms of achieving its goals under cognitive abilities, but also in the ability to experience and act according to a connection with a lager, ultimate whole than the decision-maker. When participants made decisions that troubled them and had to 'clear their conscience', in Shakun's (2001) terminology, they experienced non-connectedness and separateness. Then according to Shakun's (2001) interpretation, the participants' experience of non-connectedness results in separateness and fear. As a result, participants try to overcome the separateness and fear by attempts to rationalise the consequences of such a decision.

The findings suggest that connection has a significant influence on the ethical decision-making of participating Australian managers—in that a frame of reference based on a connection with self is likely to be a source of inspiration, guidance, and solace to managers' decision-making. In this study, most of the participants rationalised the consequences of their decisions based on a connection with self. When participants were challenged to the extent that they need to reach deeper and draw from their personal values through a connection with self to find the 'right way' of managing the situation, it is likely that their decision-making process—informed by personal values—determined the outcome. Therefore, we might hypothesize that right decision-

makers are likely to go beyond the rational and bounded to the unbounded decision-making processes for effective and right decision-making.

The study further suggests that when managers make decisions within such a transcendent frame of reference, their ethical decision-making has potential for improvement. From an ethical perspective, the findings of the present study ground the *need to connect* as a relevant and useful process in decision-making. Studies conducted in diverse cultures and in different fields – such as health care, neurotheology, theology and psychology – have found that connection is a common and central concept in the conceptualisation of workplace spirituality. For example, after a comprehensive review on the meaning of spirituality in the nursing literature, Burkhart (2001), notes that "whether one's point of view is realist or existential, spirituality is defined as the experience of and integration of meaning and purpose in life through connectedness with self, others, art, music, literature, nature, or a power greater than oneself" (p. 49). Since the connection with self helps the ethically motivated manager to seek guidance and rationalise the decision outcomes by 'clearing the conscience', fostering opportunities for self-reflection in organisations can be a means to improve right decision-making. It could influence the behaviour of organisational members by further complementing the moral and ethical guidelines in place to resolve ethical dilemmas in organisations.

REFERENCES

Barnett, JH and Karson, MJ (1987) 'Personal Values and Business Decisions: An Exploratory Investigation' Journal of Business Ethics Vol 6 pp 371-382

Burkhart, L (2001) 'Spirituality and religiousness: Differentiating the diagnoses through a review of the nursing literature' Nursing Diagnosis Vol 2 No2 pp 45-54

Fernando, M (2005) "Religion's influence on decision-making: Evidence of influence on the judgment, emotional and motivational qualities of Sri Lankan leaders' decision-making" 21st European Group for Organizational Studies (EGOS) Colloquium, Berlin

Fritzsche, DJ (1991) 'A Model of Decision-Making Incorporating Ethical Values' Journal of Business Ethics Vol 10 pp 841-852

Huitt, W (1999) 'Conation as an important factor of mind' Educational Psychology Interactive Retrieved (04/06/2005), from http://chiron.valdosta.edu/whuitt/col/regsys/conation.html.

Shakun, M (1999) 'Consciousness, Spirituality and Right-Decision Making/Negotiation in Purposeful Complex Adaptive Systems' Group Decision and Negotiation Vol 8 pp 1-15

Shakun, M (2001) 'Unbounded Rationality' Group Decision and Negotiation Vol 10 pp 97-118

Simon, H.A (1955) 'A Behavioural Model of Rational Choice' Quarterly Journal of Economics Vol 66 pp 99-118

Simon, HA (1956) 'Rational Choice and the Structure of the Environment' Psychological Review Vol 63 No 2 pp 129-138

Simon, HA (1978) 'Rationality as Process and as Product of Thought' American Economic Review Vol 68 No 2 pp 1-16

Trevino, LK (1986) 'Ethical Decision Making in Organisations: A Person-Situation Interactionist Model' Academy of Management Review Vol 11 No 3 pp 601-617

TABLE 1

Participant Profile (N=8)

Age	Between 32 to 60
Positions	Middle Manager to CEO
Years in business	Between 7 to 43
Gender	4 Males: 4 Females
Industry	Manufacturing, IT, Services
Location of operations	New South Wales