Wisdom and Decision Making: Grounding Theory in Management Practice

A dissertation presented in partial fulfilment of the requirements for the degree of

Doctor of Philosophy

in

Management

at Massey University, Albany, Auckland,

New Zealand.

Ali Intezari

2013
Abstract

Wisdom has been an important subject in philosophy for ages, and numerous books and articles have been written about it. Although it is originally rooted in philosophy, other scientific fields such as psychology and management have also examined wisdom. Of the important managerial tasks, decision making is crucial, as the success and failure of an organisation to a considerable extent depends on management decisions. Despite the vital role of decision making, and the increasingly growing attention in management on wisdom, the literature of management is still lacking empirical research that provides a clear understanding of how management decision making can benefit from wisdom (Melé, 2010). This research aims to address this issue by answering the question: What is the relationship between wisdom and management decision making? Accordingly, the research objective is to investigate the role of wisdom in management decision making and to find out how wisdom can help with making better quality management decisions and taking ‘wise actions’.

To address the research question, an interpretive exploratory study using classic Grounded Theory (Glaser, 1978, 1998, 1999, 2007) was conducted. A semi-structured interview format was used as the data collecting method. Through five phases and selective sampling, 37 CEOs and senior managers from both the public and private sectors in New Zealand were interviewed. The informants were asked about their understanding of the concept of wisdom and its relationship with management decision making. They were asked about how they identified wise managers and wise management decisions in their business community, and about how a management decision can be made so that it is considered as being wise and leading to wise outcomes.

The findings indicated that wise management decision making is an integrated process of multiple qualities. Based on the findings, a theory was developed that offers an explanation of the relationship between wisdom and management decision making; the Emergent Theory of Praxio-Reflexive Integrated Decision Making (PRIDM). The theory suggests that wisdom in management decision making is achieved through an integration of Multi-Perspective Consideration
(MPC), Self-Other Awareness (SOA), and Cognitive-Emotional Mastery (CEM), and that the integration is fostered by Reflexivity and Praxis. PRIDM also suggests that the wisdom of the decision maker is developed through and manifests in reflexivity and praxis.
Acknowledgements

First and foremost, I would like to thank my parents for their support and encouragement throughout my study, from the first day of my primary school to the last day of my PhD. Without their devotion, I would not even have been able to enter university.

Special thanks to my wife, Sara, whose emotional support gave me the strength to go calmly through all the ups and downs of this journey. Her belief in my abilities has been the most valuable support in my life.

I am extremely indebted to my primary supervisor, A/Professor David Pauleen, for all his support and comments during my study. His insightful and constructive comments and recommendations always took not only my dissertation, but also my academic worldview a step forward. He was always there whenever I needed his help. I cannot remember any time that any of my emails to him were answered with delay, or left unanswered. I would also like to thank my secondary supervisor, Professor Wendelin Küpers, for his contributions.

Appreciation is given to A/Professor Gabriel Eweje for his help at the beginning of my data collection, and to other colleagues in the School of Management, Massey University.

I express my gratitude to the interviewees for their time and helpful participation. Without them it would have been impossible to accomplish the present thesis.

Ali Intezari
November 2013
Auckland
# Table of Contents

Abstract ........................................................................................................................................ ii  

Acknowledgements ........................................................................................................ iv  

Table of Contents .................................................................................................................. v  

List of Figures ........................................................................................................................ ix  

List of Tables .......................................................................................................................... xi  

Chapter 1  Introduction ......................................................................................................... 2  
1.1 Chapter Overview ................................................................................................. 2  
1.2 The Research Problem ...................................................................................... 2  
1.3 Research Objectives ......................................................................................... 5  
1.4 The Research Questions .................................................................................. 6  
1.5 The Significance of the Study .................................................................... 6  
1.6 The Researcher’s Role in the Research ......................................................... 8  
1.7 Working Terms ............................................................................................... 9  
1.8 Structure of the Dissertation ..................................................................... 9  
1.9 Chapter Summary ....................................................................................... 11  

Chapter 2  Initial Review of the Literature .................................................................. 13  
2.1 Chapter Overview .......................................................................................... 13  
2.2 Wisdom ......................................................................................................... 13  
2.2.1 Philosophical Perspective ...................................................................... 13  
2.2.1.1 Wisdom, Virtue, and Excellence ............................................ 14  
2.2.1.2 Theoretical (Philosophic) and Practical Wisdom .................. 18  
2.2.2 Psychological Perspective .................................................................... 22  
2.2.2.1 Implicit and Explicit Studies.................................................... 23  
2.2.2.2 The Berlin Wisdom Paradigm and the Balance Theory ...... 27  
2.2.3 Managerial Perspective ....................................................................... 34  
2.2.3.1 Social Practice Wisdom (SPW) .............................................. 35  
2.2.3.2 DIKW .................................................................................... 37  
2.2.3.3 Some of the Other Wisdom Studies in Management ............ 40  
2.2.4 An Inter-disciplinary Perspective .......................................................... 46  
2.2.4.1 Key Aspects of Wisdom ....................................................... 54  
2.3 Management Decision Making ................................................................. 60
2.3.1 Formal-empiricist, Rationalist, and Naturalistic Perspectives .......61
2.3.2 Rational and Non-rational Decision Making ........................................ 63
2.3.3 Decision Making Process ........................................................................ 68
  2.3.3.1 Decision Making as a Sequential Process .................................... 74
  2.3.3.2 Decision Making as a Non-sequential Process ............................... 76
2.4 Chapter Summary .................................................................................... 78

Chapter 3 Research Methodology, and Grounded Theory ............................. 81
3.1 Chapter Overview .................................................................................... 81
3.2 The Choice of the Research Methodology and Methods ........................ 81
  3.2.1 Phrónêsiology as the Wise Methodology ......................................... 86
  3.2.2 Qualitative and Quantitative Research ............................................. 88
3.3 Grounded Theory .................................................................................... 90
  3.3.1 The Key Components of Grounded Theory ..................................... 91
  3.3.2 Grounded Theory Approaches ......................................................... 94
  3.3.3 Why Grounded Theory ..................................................................... 96
  3.3.4 Why the Classic Grounded Theory (Glaserian Approach) ............ 100
  3.3.5 Examples of Grounded Theory in Organisational and Management
       Studies ............................................................................................ 101
3.4 Chapter Summary .................................................................................. 102

Chapter 4 Data Collection, Sampling, Interview Questions, Rigour, and
Ethical Considerations ................................................................................. 104
4.1 Chapter Overview .................................................................................. 104
4.2 Data Collection and Analysis Process ................................................... 104
4.3 Sampling and Informants ...................................................................... 106
  4.3.1 Sampling ......................................................................................... 107
  4.3.2 Informants as Management Decision Makers ................................ 108
  4.3.3 Variety in the Sample ..................................................................... 109
4.4 Interview Questions ............................................................................... 110
  4.4.1 Asking Theoretical and Hypothetical Questions ............................ 112
4.5 Rigour and Credibility ........................................................................... 113
4.6 Ethical Considerations ........................................................................... 117
4.7 Chapter Summary .................................................................................. 118

Chapter 5 Data Interpretation ....................................................................... 120
5.1 Chapter Overview .................................................................................. 120
5.2 Coding Process ...................................................................................... 120
5.3 The Core Category: Praxio-Reflexive Integrated Decision Making .... 127
5.3.1 Multi-Perspective Consideration .................................................... 127
  5.3.1.1 Consequence-anticipating ....................................................... 128
  5.3.1.2 Perspective-taking ................................................................. 130
  5.3.1.3 Considering Ethical Codes ...................................................... 133
5.3.2 Cognitive-Emotional Mastery ........................................................ 136
  5.3.2.1 Cognitive Mastery ................................................................. 137
  5.3.2.2 Emotional Mastery ................................................................. 141
5.3.3 Self-Other Awareness ..................................................................... 152
  5.3.3.1 Self-awareness ........................................................................ 152
  5.3.3.2 Other-awareness: Awareness of Surrounding Environment ... 156
5.3.4 Reflexivity ...................................................................................... 159
  5.3.4.1 Internal Reflection ................................................................. 160
  5.3.4.2 External Reflection ................................................................. 163
5.4 Chapter Summary .................................................................................. 165

Chapter 6 Discussion: An Emergent Theory of Praxio-Reflexive Integrated Decision Making (PRIDM) ................................................................................ 167
6.1 Chapter Overview .................................................................................. 167
6.2 The Emergent Theory of Praxio-Reflexive Integrated Decision Making (PRIDM) ................................................................................ 167
  6.2.1 Multi-Perspective Consideration .................................................... 169
  6.2.2 Self-Other Awareness (SOA) ......................................................... 172
  6.2.3 Cognitive-Emotional Mastery (CEM) ............................................ 177
  6.2.4 Reflexivity ...................................................................................... 183
  6.2.5 Praxis .............................................................................................. 190
6.3 Chapter Summary .................................................................................. 195

Chapter 7 Implications, Limitations, and Directions for Future Research .... ........................................................................................................ 197
7.1 Chapter Overview .................................................................................. 197
7.2 A Review of the Research ..................................................................... 197
  7.2.1 Research Problem and Objectives .................................................. 197
  7.2.2 Research Findings .......................................................................... 198
7.3 Implications for Practitioners .............................................................. 200
  7.3.1 Education ........................................................................................ 203
  7.3.2 Sustainability: Implications for Organisations and Governments .. 207
  7.3.3 Knowledge Management ............................................................... 210
  7.3.4 Improving Decision Making .......................................................... 211
    7.3.4.1 Reflexivity: Challenging Core Assumptions .......................... 211
7.3.4.2 Balancing Knowledge and Doubt ........................................... 212
7.3.5 Developing an Integrated Multi-factor Assessment Tool ............ 213
7.3.6 Reconciling Emotion-Logic Dualism in Decision Making .......... 213
7.4 Contribution to the Literature .................................................... 214
7.4.1 Management Decision Making ................................................. 215
7.4.2 Management Learning: Experiential Learning Theory .............. 216
7.4.3 DIKW Pyramid ................................................................. 217
7.5 Limitations of the Research ....................................................... 218
7.5.1 Limitations Associated with Research Methodology ............... 218
7.5.2 Limitations of Findings ......................................................... 219
7.5.3 Limitations of the Theory ...................................................... 221
7.6 Directions for Future Research .................................................. 222
7.6.1 Directions for Future Research Based on Limitations of the Research ................................................................. 222
7.6.2 Directions for Future Research Based on Limitations of the Research Findings ................................................................. 224
7.6.3 Directions for Future Research Based on Limitations of the Theory ................................................................. 228
7.7 Chapter Summary ................................................................. 229
7.8 Concluding Statement ............................................................. 230

Bibliography ............................................................................. 231

Appendices ............................................................................. 275
List of Figures

Figure 2-1: Wisdom, Virtue, and Excellence ........................................................ 15
Figure 2-2: Theoretical and Practical Wisdom ..................................................... 21
Figure 2-3: A Model of Wisdom........................................................................... 26
Figure 2-4: The Development, Structure, and Functions of Wisdom: A Theoretical Model .................................................................................................................... 30
Figure 2-5: A Balance Theory of Wisdom........................................................... 32
Figure 2-6: DIKW Pyramid ................................................................................. 38
Figure 2-7: The Contribution of Wisdom and Wisdom-related Aspects to Management ...................................................................................................................... 41
Figure 2-8: Organisational Responses to Turbulence as a Function of Wisdom Capacities .................................................................................................................. 42
Figure 2-9: Integrated Wisdom Development Model ........................................ 43
Figure 2-10: Dynamic Model of Organizational Wisdom, Showing Relationships Amongst Transcendence, T3 and Wisdom...................................................... 44
Figure 2-11: Integral Pheno-practice of Wisdom.................................................. 45
Figure 2-12: Rational Decision Making as Performative Praxis ....................... 65
Figure 2-13: Perspectives on Decision Making .................................................... 67
Figure 2-14: Drucker’s Effective Decision Process ............................................. 75
Figure 2-15: A Model of the Chaotic Dynamic Cycle of the Decision Making Process .......................................................................................................................... 77
Figure 3-1: Interpretivism’s Analytical Trinity ...................................................... 85
Figure 3-2: Paradigms and Approaches to Research, as well as their Keywords and Identifiers ................................................................................................................... 89
Figure 3-3: Key Components of Grounded Theory .......................................... 92
Figure 4-1: The Research Data Collection and Analysis Phases ..................... 105
Figure 4-2: Data Collection/Analysis and Theoretical Sensitivity/Saturation.... 111
Figure 5-1: Coding Phases .................................................................................. 121
Figure 5-2: Developing Conceptual Categories ............................................... 125
Figure 5-3: The Main Conceptual Categories and Sub-core Categories......... 126
Figure 6-1: Multi-Perspective Consideration (MPC)........................................ 170
Figure 6-2: Self- Other Awareness (SOA)............................................................ 173
Figure 6-3: Integration of MPC, CEM, and SOA ............................................. 181
Figure 6-4: Reflexivity .......................................................... 187
Figure 6-5: Wise Management Decision Making: Praxio-Reflexive Integrated Decision Making (PRIDM) .......................................................... 193
Figure 7-1: Integration of an Integral Meta-competencies Theory of Practical Wisdom into Business Education Programs ............................................ 205
Figure 7-2: The Link between Wisdom, HPT, and Sustainability ...................... 209
List of Tables

Table 2-1: Use of the Wisdom Criteria to Evaluate Discourse About Life Matters ............................................................................................................................... 29
Table 2-2: Commonly Proposed Subcomponents of Wisdom ........................................ 50
Table 2-3: Wisdom Definitions ........................................................................................................ 53
Table 2-4: Key Aspects of Wisdom ..................................................................................................... 59
Table 2-5: Different Perspectives on the Decision Making Process ........................................... 71
Table 2-6: Decision Making Phases and Relevant Functions ......................................................... 72
Table 2-7: Characteristics of the Three Approaches to Making Decisions ......................... 78
Table 3-1: Basic Belief (Metaphysics) of Alternative Paradigms ............................................. 82
Table 3-2: Why Grounded Theory? ................................................................................................. 97
Table 4-1: Credibility Criteria for Grounded Theory ................................................................. 115
Table 5-1: Sample of the Initial Coding ......................................................................................... 122
Table 6-1: Qualities Involved in Wise Management Decision Making, and their Definitions .................................................................................................................. 169
Table 7-1: Implications for Practitioners .......................................................................................... 202
Table 7-2: PRIDM Qualities and Self-awareness Questions .......................................................... 207
Table 7-3: Contribution of the Study to the Literature ................................................................. 214
Table 7-4: Directions for Future Studies: Recommendations Based on the Research Limitations .................................................................................................................. 223
Table 7-5: Areas for Further Research ............................................................................................. 226