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2.6. THE INTUITION IN MANAGEMENT – ESTABLISHED KNOWLEDGE AND PERSPECTIVE OF EVOLUTION

Summary

This work presents the issue of intuition as a mental ability and its usefulness in management. The presented contents were divided into two informal parts. The first part shows the theories which are commonly accepted in management sciences. It consists of those views which everyone agrees with, for example, that intuition actually exists; and the views which are not shared by everyone, for example, the question of usefulness of intuition in practice. This part also presents how intuition is understood by management of different enterprises. Some aspects were shown which should be taken into consideration in order to understand the issue of intuition in management completely. Typical behaviour of the managers who justify the necessity to appeal to intuition in their managerial practice and conditions of management was considered to be the most important. The stereotypes in approaches to intuition were also determined. The most important conclusions of in-house research were presented. It follows from them that enterprises do not carry out systematic analyses directly connected with intuition. More than that, the problems were presented which make the use of intuition in the process of management difficult. Some important approaches which help increase the effectiveness of the use of intuition in organizational practice were mentioned. The key research questions, which have not been answered yet, were formulated.

Keywords: intuition, intuitive abilities, managerial competences, management

Introduction

Human resources are considered to be the main determinant of a market success of an enterprise. Irrespective of a model of organization, it can be assumed that the most important element of human resources / human capital are managers. Management personnel generates the greatest value of an organization in the form of intellectual capital. They also determine effectiveness of employees' activities.

An answer to the question about key factors which have an influence on the level of managerial effectiveness has not been found yet. However, in the 20th century there have been carried out a lot of experimental research in this direction. Common conclusions have not been reached neither by the suggested theories of managerial characteristics nor by the competence theories. An "exemplary model" of a set of characteristics has not been found, which in a particular case would differentiate efficient managers from inefficient ones. Alike in the case of the theory of attributes, it

has not been possible to point out unambiguous managerial competences which would one hundred per cent determine a manager's efficiency. The following factors which determine the efficiency in a managerial work are considered to be the most important: psychological characteristics, talents, knowledge and skills. Taking into account the fact that contemporary scholars who examine the factors of success at work of managerial personnel do not have a common opinion about which characteristics or competences have the strongest influence on the managerial efficiency; however, they mutually share one opinion that their influence in this respect cannot be neglected.

The most important aim of the present work is to present the issue of intuition as an intellectual competence – in the concept of management based on competences, which is more and more useful in managerial work. The main attention is focused on two basic aspects concerning intuition:

1. Presenting the issues which are commonly acceptable in management sciences – which make the so called normative knowledge, and
2. Presenting the problems which make it difficult to use intuitional skills in managerial practice. These issues still concern some branch researchers and require further investigation.

Intuition and management

Economic sciences, including management sciences, are continuously developing; they are evolving and new streams, conceptions and methods of managing are still appearing. However, since 1956 when Herbert Simon announced his bounded rationality of managerial decisions (1957), nothing has changed. Newly developed concepts did not contribute much to reduce the risk of decision-making processes and later the risk connected with business. People are not able to solve all problems in a rational and objective way; the choices they make are often far from being optimal. They still have to turn to intuition. This correctness also concerns the decisions made by managerial staff in enterprises. The necessity to use intuition in managerial processes takes place because a small number of decisions in contemporary organizations can be made on the basis of complete, precise and updated information. Decision-making processes are usually of intuition-analytical character.

Behavioural streams are strongly developing in economic sciences. They pay more attention to non-economic factors of development of an organization. Global crisis, which started in 2007-2008 in the United States and evolved from a financial crisis, via economic crisis to a current debt crisis in many countries, contributed a lot to their development (ed. Mączyńska, 2014). Both in economic theories and management sciences it has been pointed out that intuition in decision-making processes has an important influence (e.g. in all the theories of decision-making, together with other notions, the intuitive approach is also taken into consideration). However, in business practice the issue of intuition is not much underlined. Usually, in organizations nobody makes analyses connected with intuition directly. Thus, it is crucial to take any activities which would introduce the issue of intuition to the managerial practice.

Understanding of intuition – established theory

Intuition is still considered to be one of those properties of the human brain which has not been completely understood. It is one of the most secret notions connected with human capital analysis. Scientists mutually share the idea that intuition really exists. However, they do not agree in the question of its nature which explains what this ability is. There is no unanimity in the question of usefulness of intuition in practical activities. For this reason, scientific literature of the subject presents many definitions of intuition; there are differences in its understanding and estimation of its usefulness. In the views presented by different authors it is possible to distinguish three basic approaches:

1. Viewing intuition in the categories of a process (among others: Jung 1933, Westcott - Ranzoni, 1963, Raidl – Lubart, 2001);
2. Viewing intuition in the categories of a result (among others Kahneman, 2003);
3. Accepting the attributive characteristic of intuition (among others: Myers, 2002, PolICASTRO, 1999).

Colloquially intuition is understood as a certain kind of brainwave, foreboding, sense, the process of indirect obtainment of knowledge, confidence in a certain case without a conscious understanding. Understanding of intuition in such a way is also typical of managerial staff of an enterprise. The respondents, who tried to define this notion, often showed that intuition was: an internal voice, a certain thought, feeling, foreboding helpful in a decision-making process, which can guide when making a decision, which can incline to a certain behaviour. (Methodology of the in-house research concerning the issue of managerial intuition, characteristics of a research population and the research results were fully described in a monograph: Jędrzejczyk W., *Intuition as a managerial competence in theory and practice of management of an enterprise*, “Dom Organizatora” Publishing House, Torun, 2013, pp. 197-239. The research results presented in the current work are the result of implementation of one of the delimited research goals. An attempt was taken to recognize the level of intuitive abilities of management in enterprises and the level of using these abilities in problematic situations. 91% of the managers who took part in the research (87% of women and 93% of men) believe that they understand the issue of intuition – they defined intuition according to their personal knowledge and ideas about the issue)

They also mentioned that it is an internal belief and persuasion about correctness of undertaken actions. The managers who took part in the research identified intuition as an ability to foresee events, to make correct conclusions concerning the future, which are not motivated by any scientific analyses of estimations, a choice without any rational justification. They also mentioned that intuition is a self-preserving mechanism which enables capturing of numerous abnormalities despite the fact that they are not signalled by rational factors. Intuition is a stimulus of an activity which is not always deliberate and efficient. The managers showed that intuition is of a sudden, uncontrolled and subconscious character – it is a sudden thought in which one can see a solution to a problematic situation, which is far from conscious understanding, which often declines rational evidences. The respondents underlined that intuition was not

only an inborn ability, spontaneous and destitute of logical and rational conditions. This is an ability of mind based on both solid knowledge, rich experience and irrational beliefs and emotions. It facilitates making proper decisions in difficult, emergency situations, when there is no complete information concerning an actual situation, sometimes against the logic, analysis or opinions of other participants of a decision-making process. This is an abstract thought process.

The managers who took part in the research pointed out at all important aspects connected with the issue of intuition – its definition, understanding and necessity in decision-making processes which are described in the branch literature. The issues of intuition and of its usefulness in management was discussed by many researchers, among others: W.H. Agor (1998), D. Dean & J. Mihalasky (1974), D.J. Isenberg (1984), N. Khatri & H.N. Alvin (2000), M. Laszczak (2010), H. Leavitt (1975), M.A. Lyles & I.I. Mitroff, (1980), I. Oluwabusuyi (2011), A. Peszko (2013), J.E. Pretz (2008), T.J. Peters, R.H. Waterman (1982), M. Sinclair & N.M. Ashkanasy (2002).

Usefulness of intuition in management – established theory

Similar tendencies as in the case of understanding the notion of “intuition” and its use in decision-making processes concern the issue of its usefulness in management. These tendencies can be described as a management’s point of view.

In order to understand the issue of intuition in management from the holistic point of view, at least two basic aspects should be taken into consideration:

1. Determination of typical behavior of management which states rational justification of the necessity to appeal to intuition, and
2. Determination of conditions of management which also justify the necessity to appeal to intuition in management practice.

Typical behavior of management which states a rational justification of necessity to appeal to intuitions are as follows:

- managers rarely think in a way which can be understood as rational;
- they sometimes formulate aims systematically estimating their value, discussing alternative ways of reaching them and choosing the paths which maximize the expected return on investment;
- usually they avoid rigorous, analytical planning.

Typical conditions of management which justify the necessity to appeal to intuition in management’s practice are as follows:

- more and more complex and dynamic environment in which a lot of problems can be solved only with the help of intuition;
- an appropriate area of impact of management decisions includes reactions to difficult, new, irregularly repeating or unrepeatable situations;
- a lot of factors and criteria which managers should take into consideration when making decisions are of difficult or impossible to measure nature, often qualitative.
- not many decisions of strategic character in enterprises can be made on the basis of complete, precise and updated information.

Intuition by many theorists and practitioners of management is treated as a brain ability which can successfully be used in decision-making processes in the frames of an organization. It is given more and more significance in management and controlling of organizations. Strategic managers should possess this quality. A lot of researchers say that intuition is regularly used in running a business activity. However, it should be remembered that intuitive abilities are only used to complete and eliminate limitations of analytical abilities, but not to substitute them.

Usefulness of intuition in management - stereotypes

Intuition as a cognitive source is understood both colloquially and from a point of view of an organization. It is often seen negatively. It happens so because an intuitive way of making decisions is identified with:

- having incomplete knowledge,
- a lack of system and reliability of thinking,
- a lack of rational evidences concerning the issue.

Managers do not always perceive intuition as an ability (instrument) which can be consciously used in decision-making processes. Often managers do not think that intuition could be the main factor of success in business. They believe that they achieve success due to rational analysis. They often try to prove that the decisions made by them were based on rational evidence. This is supported by natural human inclination to follow the mind. Decision-makers feel the necessity to find arguments and justifications by means of rational thinking. They present their solutions in such a way that they would not raise many concerns. They often hide real reasons – consciously or unconsciously (Barnard, 1997; Dane – Pratt, 2007). This approach is conservative and safe. It happens that intuition contradicts the mind, which makes an additional obstacle to appeal to intuition.

A state of certain chaos and continuous changes, which is to be an important factor of activity, is postulated in management sciences. This postulation is, however, difficult to implement because of natural inclination of a human to stabilization and use of fixed schemes of activity. This regularity also concerns managers. In order to make managers do conscious intuitive activities they should be motivated to them. One of the most important factors, apart from intuitive predispositions, is a certain organizational culture. Organizational culture should be distinguished by a lot of tolerance of intuitive decisions, certain tolerance of chaos and ambiguity, acceptance of uncertainty and risk. It was proved that such an atmosphere at work fosters the increase of the effectiveness of intuitive activities (Hofstede, 2001; by: Malewska 2013). It mainly concerns the activity of low-level managers in large and very large enterprises. Managers in very large companies are usually limited in their freedom of choice. In decision-making processes they have to facilitate by market research and opinions of consulting agencies. As a result, managers rarely base on intuition. Only above average human beings are able to stand up to rational analyses and make decisions intuitively.

Intuitive potential of Polish managers in the light of the in-house research results

The research results presented in the current work are the result of implementation of one of the delimited research goals. An attempt was taken to recognize the level of intuitive abilities of management in enterprises and the level of using these abilities in problematic situations. The presented proposals of own research concern Polish organizational practice. Methodology of the own research concerning the issue of managerial intuition, characteristics of a research population and the research results were fully described in a monograph: Jędrzejczyk (2013).

The obtained results concerning the issue of intuition in management, including intuitive abilities of the managers who took part in the research, are not optimistic. It has been stated that in the companies they do not practice intuitive management in a formalized way. In the enterprises which took part in the research the highly intuitive individuals were not identified, they were not given tasks which required an intuitive approach, they were not supported in their intuitive activities. In recruitment processes to managerial positions intuitive abilities were not taken into consideration. During the trainings conducted for managers their intuitive skills were neither developed nor enhanced. In the implemented competence models intuition was not taken into account. In single cases intuitive potential of managers was used in a conscious way. The level of intuitive abilities of the managers who took part in the research (The analysis of potential intuitive abilities of the respondents was carried out with the help of the AIM questionnaire developed by W.H. Agor (1998)) was 5.52 on the 12 degree W.H. Agor's scale of brain skill, only 1% of the managers had very high intuitive skills. It means that Polish managers in general are characterized by analytical abilities. (To compare – the level of intuitive abilities of American managers in a private sector is 6.15. Very high intuitive abilities have 10% of managers (Agor, 1998))

On this basis one of the most important research conclusions was formulated: In companies systematic analyses connected directly with intuition are not usually carried out. Intuitive abilities and behavior of managers are not analyzed; however, it is understood that these abilities have an influence on the roles and implemented tasks in certain managerial positions.

The obtained results make evidence which empower to make decisions aimed at effective and conscious use of intuition in the management practice.

Usefulness of intuition in management – perspectives of evolution

Activities aimed at a more effective use of intuition in the practice of management are not easy to implement. In scientific literature on management many different approaches can be found which can be helpful in effective use of intuition in practical activities. They are as follows:

- a management approach based on competences (mental competences) (Nosal, 1999),
- an intuitive understanding of strategy (Duggann, 2007),
- a program to manage mind abilities (Agor, 1998),
- a system of managerial intuition management approach (Jędrzejczyk, 2013).

The most advanced approach is a system of managerial intuition management put forward by W. Jędrzejczyk. This system establishes recognition of the level of intuitive abilities of the management, determination of the level of intuitive abilities required at different managerial positions, recruitment of managers with desirable intuitive abilities, development of the mechanisms which would limit the number of biases of intuitive decisions, development of the mechanisms which would increase the efficiency of the intuitive activities, trainings in terms of developing intuitive abilities and trainings in terms of increasing of efficiency of intuitive activities. The suggested approach is systematic and it does not treat intuition selectively.

The highlighted approaches, except the approach of intuitive understanding of strategy, are relatively simple. However, it does not mean that they are easy to use. In order to use them, special knowledge is not required, but you need self-discipline, regularity and persistence in action.

Previous approaches do not solve many problems connected with the issue of intuition in management. Here are the questions which have not been answered by the researchers so far:

1. To what extent do mental abilities influence decision-making?
2. How can a number of wrong intuitive decisions be limited?
3. To what extent does effectiveness of the carried out actions depend on the random factor determined as “luck”?
4. Why are intuitive abilities of top-level managers much higher than intuitive abilities of lower-level managers?
5. How can mental abilities of managers be used optimally?

In order to find out responses to the formulated questions further research and analyses are required.

Conclusions

There is no doubt that intuition is a specific, effective cognitive source and a way to make decisions. However, treating intuition as an instrument to support management is not easy. It happens, first of all, because this brain ability is not fully understood. The results of the in-house research also confirm this argument. It would be better to eliminate intuition from business practice. However, it is not possible.

Theories concerning the issue of intuition in management could be divided into views which everybody agrees with, for example, the fact that intuition exists; and those views which are not shared by everyone, for example, the question of usefulness of intuition in practical activity.

According to the authors the most helpful in effective use of intuition in organizational practice is a system approach to the issue of intuition. This idea is relatively simple. However, it does not translate into easy use.

A lot of questions connected with the issue of intuition in management have not been answered yet. The problem requires further scientific research.

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