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Managerial Intelligence and Efficacy



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IACCM 2013 Paper Presentation

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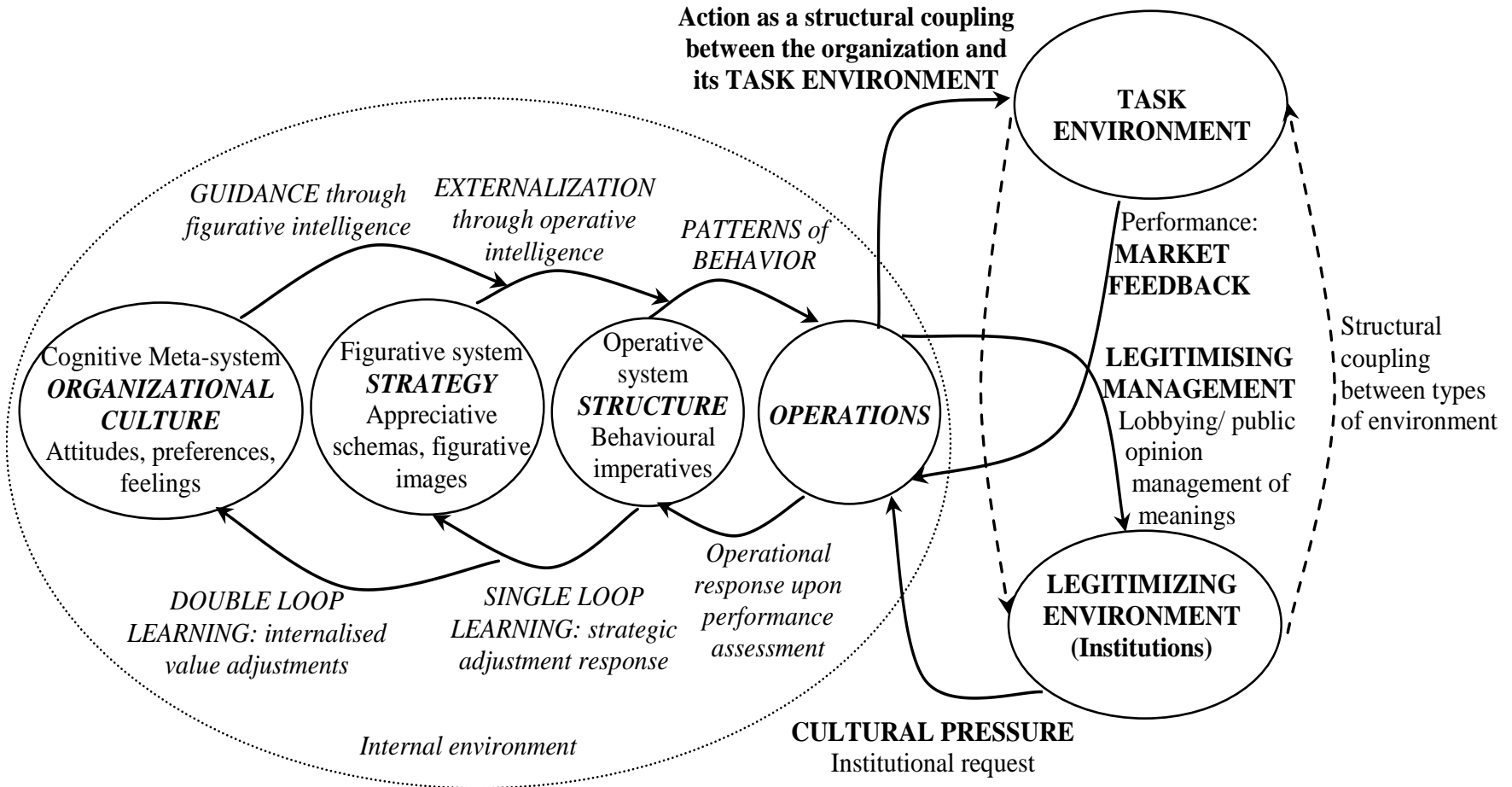
June 2013

Relevance / Importance

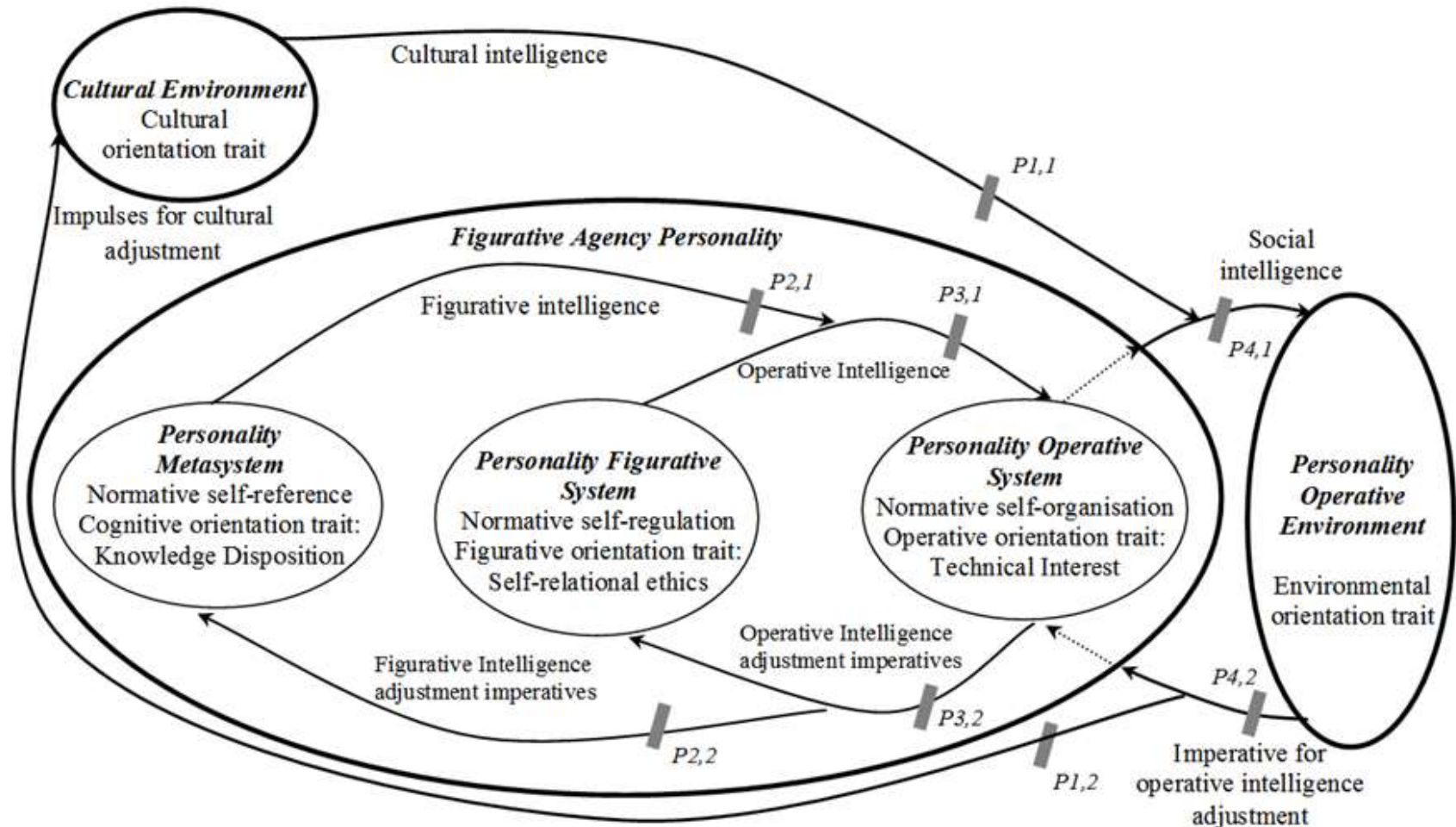
Intelligence is the ability of an agency to appreciate and harness its own knowledge as information about its environment, to construct new knowledge converted from information about its experiences, and to pursue its goals effectively and efficiently.

Managerial intelligence enables the consideration of the own goals of an organization and the goals of others in the light of the interests and influences within the internal environment (managers and staff) and with the external environment (stakeholders, institutions, counterparts in the task environment) of the organization, and the facilitation of the development of ideas about the possible reactions of others in relation to the action taken by the agency.

Configuration Model of Organizational Culture



'Normative Personality' and Environments



Five Bi-Polar Traits

Five bi-polar traits emerge in our model - exemplars from the value literature

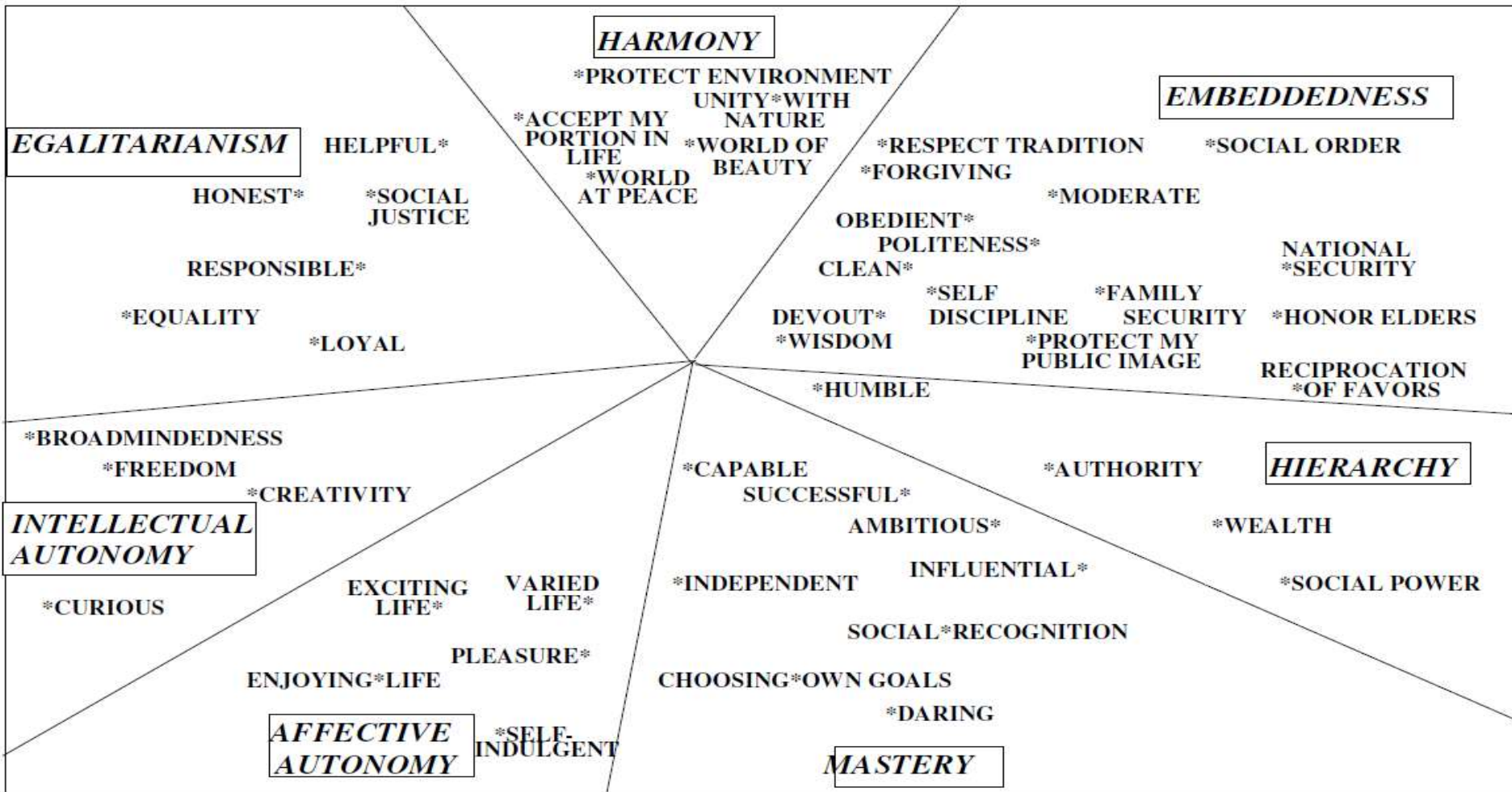
- Normative Personality within the agency
 - Cognitive orientation trait : embeddedness vs. autonomy (Sagiv/Schwartz, 2007)
 - Figurative orientation trait : harmony vs. mastery (Sagiv/Schwartz, 2007)
 - Operative orientation trait : hierarchy vs. egalitarianism (Sagiv/Schwartz, 2007)
- Environmental orientation traits:
 - Cultural orientation trait : sensate vs. ideational (Sorokin 1962, 1964)
 - Social orientation trait: dramatist vs. patterner (Shotwell, Wolf and Gardner, 1980)

Three Normative Personality Traits

Traits	Dimensions/ Poles	Values/Items
Cognitive	Intellectual Autonomy	[broad-mindedness, freedom, creativity, curious]
	Embeddedness	[polite, obedient, forgiving, respect tradition, self discipline, moderate, social order, family security, protect my public image, national security, honor elders, reciprocation of favors].
Figurative	Mastery & Affective Autonomy	[successful, ambitious, independent, influential, social recognition, choosing own goals, daring, capable] [exciting life, varied life, pleasure, enjoying life, self-indulgent]
	Harmony	[accept my portion in life, world at peace, protect environment, unity with nature, world of beauty]
Operative	Hierarchy	[authority, wealth, social power; humble]
	Egalitarianism	[loyal, equality, responsible, honest, social justice, helpful]

A System of Individual Values

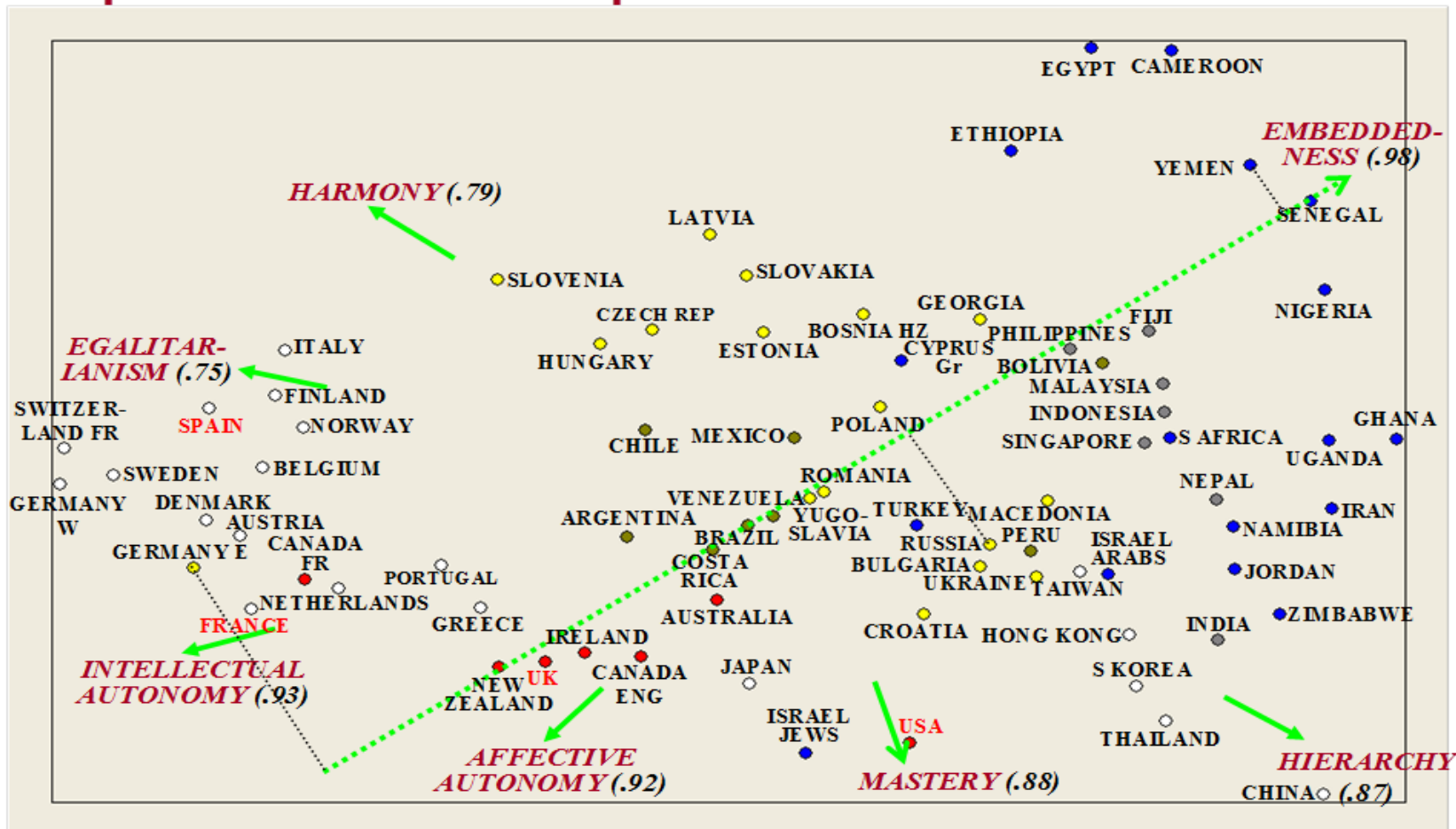
(Shalom Schwartz, 2006, A Theory of Cultural Value Orientations: Explication and Applications. Comparative Sociology, Volume 5, Numbers 2-3, 2006, pp. 137-182(46))



National Groups on Seven Cultural Orientations

(Sagiv & Schwartz 2007)

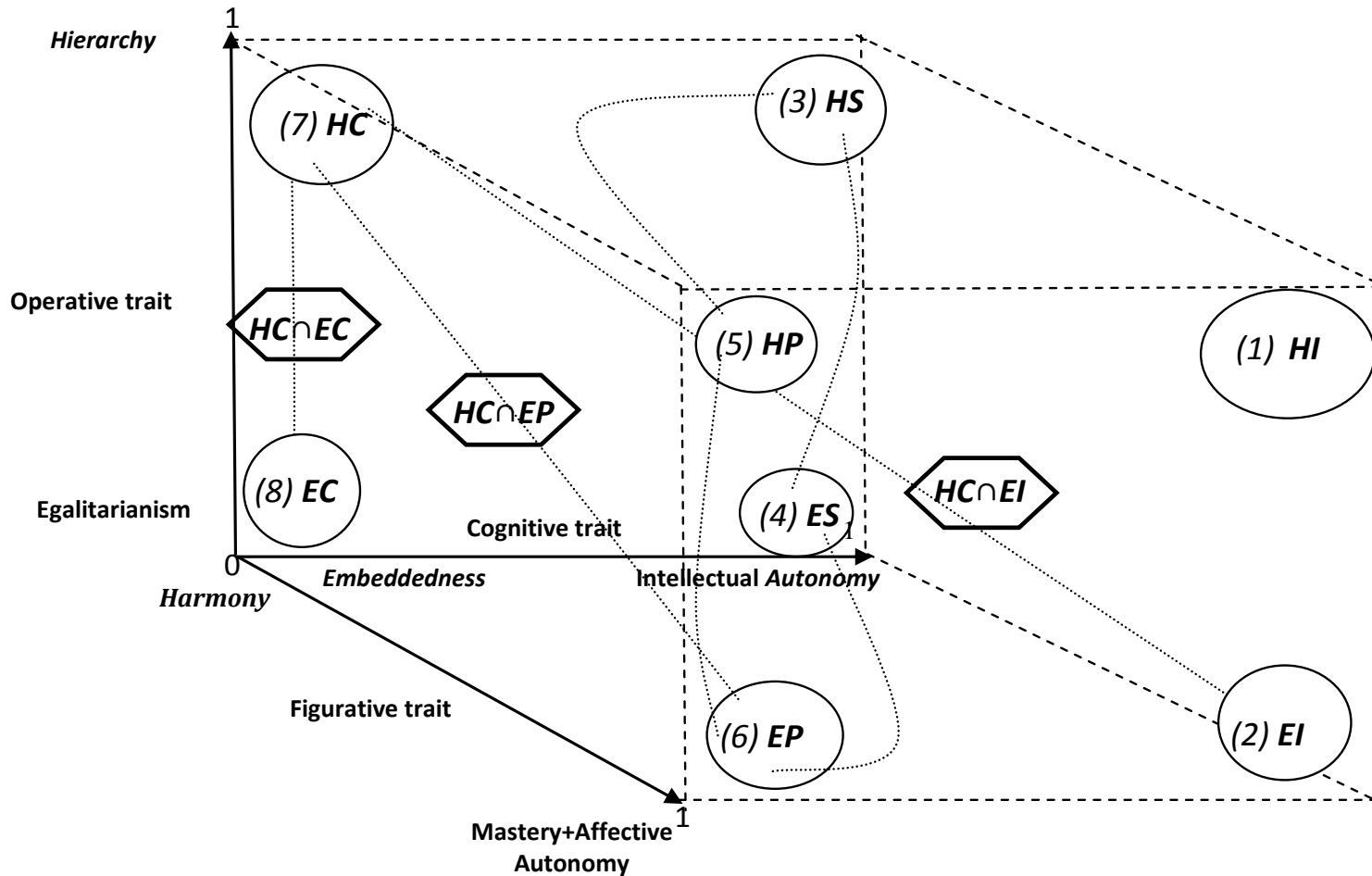
Map of 77 National Groups on Seven Cultural Orientations



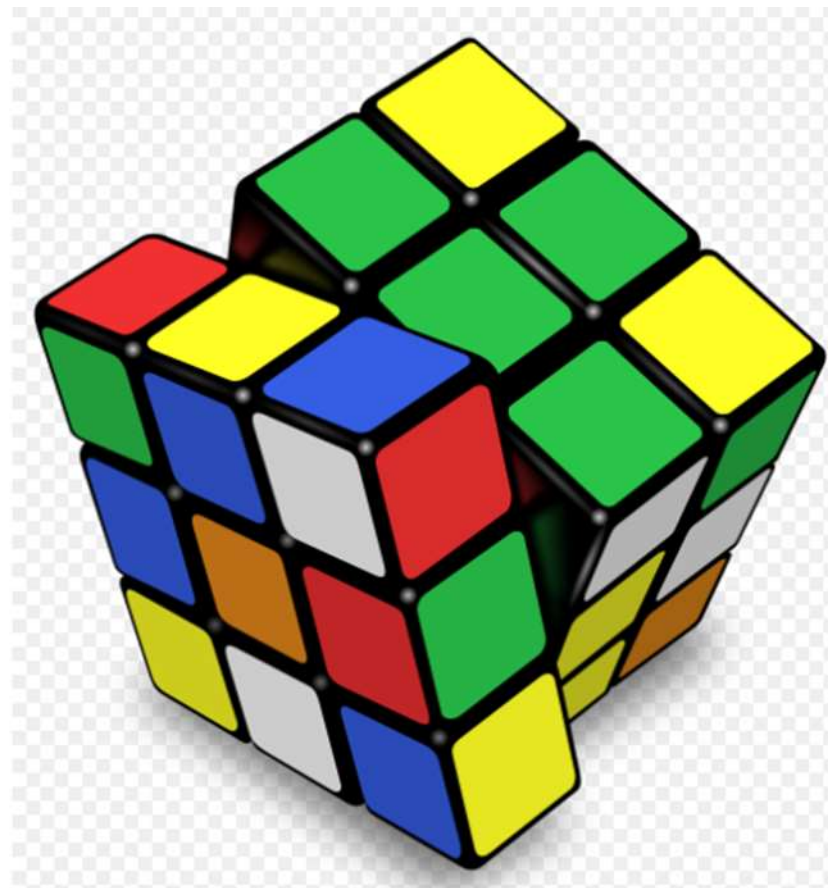
Eight Sagiv-Schwartz-Mindset-Types

<u>Individualism Type</u>		<u>Collectivism Type</u>	
Mastery Individualism	Enantiomers	Harmony Collectivism	Enantiomers
1: HI Hierarchical Individualism	Intellectual Autonomy Mastery & Affective Autonomy Hierarchy	8: EC Egalitarian Collectivism	Embeddedness Harmony Egalitarianism
2: EI Egalitarian Individualism	Intellectual Autonomy Mastery & Affective Autonomy Egalitarianism	7: HC Hierarchical Collectivism	Embeddedness Harmony Hierarchy
Harmony Individualism => Synergism		Mastery Collectivism => Populism	
3: HS Hierarchic Synergism	Intellectual Autonomy Harmony Hierarchy	6: EP Egalitarian Populism	Embeddedness Mastery & Affective Autonomy Egalitarianism
4: ES Egalitarian Synergism	Intellectual Autonomy Harmony Egalitarianism	5: HP Hierarchical Populism	Embeddedness Mastery & Affective Autonomy Hierarchy

Sagiv-Schwartz-Mindset-Space



Rubik's Cube



Bi-polar traits

Bi-polar traits indicate preferences between processes that either emphasize

own knowledge and action orientation

or

others' knowledge and adjustment orientation

i.e. between the respective forward linkages and the feedback linkages in the model.

Both states are present all time, but emphasis on the alternate states may vary.

Auxiliary role of the poles of traits

While bi-polar traits indicate preferences between alternative processes the weaker pole has an auxiliary function of for the stronger pole (Jung 1921).

A balanced agency will use both, own knowledge and others' knowledge. A pathologic agency will rely on one pole and neglect the other.

Jung, C. G. (1921). *Psychologische Typen*. Zürich: Rascher.

Blutner, R. & Hochnadel, E., 2010, Two qubits for C.G. Jung's theory of personality, *Cognitive Systems Research*, 11 (3), p.243-259, Sep 2010

Intellectual Autonomy and Embeddedness

Intellectual Autonomy fosters creativity. Intellectual Autonomy is a precondition for innovation.

Intellectual autonomous agencies go beyond the limits of the cultures into which they are embedded and set impulses for operative, strategic and cultural change.

Embeddedness secures coherence of a social whole (of an agency) through referring to traditions, common interest, keeping the common body of knowledge alive and creating awareness of available resources. Important to Embeddedness is wisdom and knowledge storing, i.e. to keep the memories of knowledge.

If **Embeddedness** is too strong, it may suppress new ideas and even prevent new ideas to emerge. If **Intellectual Autonomy** is too strong, permanently creating new ideas and attempts to implement them may exhaust available resources and could lead to the demise of the agency.

Mastery, Affective Autonomy and Harmony

The main benefit of **Mastery** is the strong achievement orientation of agents.

Affective Autonomy is granting that those who achieve high efficacy also can enjoy the benefits of their efforts. These two facets of the enantiomer constitute an important element of individualism.

Harmony regulates the attitudes towards human and natural resources. It is directing agency strategies towards a positive attitude to the social and natural world, trying to appreciate and accept rather than to change, direct, or exploit. Harmony is also perceived as one constituting element of collectivism.

Mastery, Affective Autonomy and Harmony – joint effects

Without Mastery orientation nothing may be achieved. With **extreme mastery** orientation the social fabric of the agency may collapse, cooperation may not happen and thus, forcefully competing un-coordinated individual action finally will threaten survival of the agency.

Excessive Harmony orientation may abolish all incentives to do anything. Thus, nothing would be achieved, no response is sought to survival challenges, and the delight in nature itself may also find its limits when the threats of nature are not mastered.

Harmony ensures coherence of the social fabric because it makes social life enjoyable, in particular if something is collectively achieved.

Hierarchy and Egalitarianism

Hierarchy functions through rule setting and ex-ante coordination of action. Hierarchy reduces available options of a broad range of theoretically possible patterns of behavior to a limited set of 'useful' patterns of behavior.

Main attributes of **Egalitarianism** are loyalty, honesty and responsibility. Strong hierarchical control makes agents less loyal, less honest and less responsible against the agency. Thus, the more power holders of an agency can do without control the less control cost they have and the more they can achieve through loyal and responsible agents.

Without hierarchy, no coordination of action would happen; the agency could not develop adequate operative decisions. The demise begins, when costs of control increase faster than the gains which can be achieved with more control. With **too much hierarchy**, power holders finally will have not much left what would be worth to be controlled. This marks the ultimate collapse of all dictatorial systems.

The Cultural Orientation Trait

Cultural orientation trait : sensate vs. ideational (Sorokin 1962, 1964):

The main attributes of **Sensate culture** are material or this-worldly, and it fosters the capability of individual survival here and now! Sensate agencies are good at satisfying their own needs and desires by whatever means available. There is strong action orientation with not much regard of consequences for others. That can include reckless action and exploitation of resources.

Ideational culture is other-worldly. It is coherence oriented and, thus, also fosters harmony. Its main attributes are that it secures future survival through the creation and development of concepts and understandings that emerge as ideas and schemas of thought as reflections of changing situations.

The balanced **Idealistic or Integral culture**: the nature of the auxiliary function is that **Ideation** fosters coherence through the creation of ideas about harmonious opportunities of satisfaction of needs and desires, and **Sensate** offers ways and means to physically implement ideas and is also indicative of what operationally would not work.

The Social Orientation Trait

Dramatist vs. Patterner (Shotwell, Wolf and Gardner, 1980):

Dramatist emphasizes that social structures support the pursuing of goals for individual benefit. Self-presentation and communication with others is of importance.

Patterner emphasizes that social structures support the pursuing of goals that should be for collective benefit. Configurations are important in social relationships (symmetry, pattern, balance, and the dynamics of relationships).

The **auxiliary functions** of patterning and dramatizing in an Idealist culture are that patterning collects and controls the validity of information about the outside world, and dramatizing is the art to tell the outside world that the agency does have collected and weighted appropriate information and thus has the knowledge, means and abilities to do something about a specific situation.

On Paradox

Eisenhardt (2000: 703) writes: “Paradox is the simultaneous existence of two inconsistent states ... This duality of coexisting tensions creates an edge of chaos, not a bland halfway point between one extreme and the other.”

Lewis (2000:769) concedes that “managing paradoxical tensions denotes not compromise between flexibility and control, but awareness of their simultaneity.”

The Normal State and Pathologies

What numerous management scholars call ‘a paradox’ is the normal state, reflecting a necessary and indispensable constituting element of a living system.

The function of a system’s intelligences is to manage the bipolarity of traits and to attach the appropriate weight to the one or other pole without neglecting the mutually auxiliary function of the alternate (information) processes.

We find it ‘paradox’ that numerous management scholars find the characteristics of a pathologic organization to be the logic characteristics of the ‘normal and desirable state’ of an organization.

Four Intelligences

Four intelligences emerge in our *human agency model*:

- Within the strategic economic agency
 - Figurative intelligence
 - Operative intelligence
- Between the economic agency and its environments
 - Cultural intelligence
 - Social intelligence

Figurative Intelligence

Figurative intelligence provides information about present and future states of reality. It involves drawing and language, perception and projection, imitation and mental imagery.

Models of structured relationships and patterns of information can be formed into a strategy. It is responsible for strategic clarity.

Through the models of the figurative base, figurative intelligence considers and entails operative adjustment. It evaluates feedback from operations (operative adjustment imperatives) in the light of own strategic interests and of own values and identity.

Figurative intelligence indicates whether cognitive orientation should remain the same or rather follow the impulses for cultural adjustment and amended through double loop learning.

Operative Intelligence

Operative intelligence has the capacity to assemble attitudes and conceptual information as coherent structures and rules, which form personality operations and decision making. Through normative patterns of behavior, action towards the operative environment is generated.

Normative agencies with poor operative intelligence cannot adequately manifest elements of their figurative base in practice. They have limited capacity to turn their strategies and models into practice: poor structures, poor rules, and poor patterns of behavior deliver poor performance.

Operative intelligence regulates performance assessment and through that may identify impulses or imperatives for operative intelligence adjustment and adjustment of operational practices (= single loop learning). Operative intelligences also gives impulses for possible figurative and cognitive trait adjustments, which are further evaluated through figurative intelligence.

Social Intelligence

Social intelligence regulates and interacts with the environmental orientation trait (dramatist vs. patternner). It controls the network of operative processes, which enables a personality to socially manifest its decisions as observable phenomena. The observable phenomena are created through normative self-organization and technical capabilities and interests of the interacting agencies.

The coupling between the operative system and the operative environment is controlled by social intelligence, which in turn is influenced/controlled by cultural intelligence.

Cultural Intelligence

In the light of perceived predominant cultural orientation of the environment (e.g. ***sensate vs. ideational*** and the related patterns of behavior), ***cultural intelligence*** provides orientation and guidance for intended behavior and action, and assesses the cultural consequences of responses from the environment to the actual action taken.

In relation to its task environment, action of the agency is controlled and guided by, but also attracted to the predominant perception of its cultural environment. It may set action according to the perceived 'normal standards' (perceived cultural pressure), but may also aim at creating deviation options, which in the longer run may legitimize the behavior of the agency intended in its own interest (legitimacy management).

If intelligences are limited the selection of information emphasized by managerial intelligence becomes uncoupled from the perceived organizational preferences and unrepresentative of the perceived intended perspectives. This occurs when the personality: (1) has its capacity reduced to conceptualize, schematize or apply information about future perspectives; (2) has the orientation of its traits perturbed; and (3) can be drawn towards un-preferred or unintended conduct that may even “corrupt” its proprietary strategic, ideological or ethical orientations.

In such cases efficacy is reduced. A gap between desired goals and actual outcomes is opening and widening.

The 'rational component' in efficacy is in the rational comparison of goals and achievements.

If the gap between goals and achievements is indicative of efficacy, then a large negative gap (goals are not achieved) may first raise negative feelings and if despite all efforts the gap remains or even grows then it also raises negative emotions.

The 'emotional component' has to do with available explanations, why this gap is emerging. Here, the attribution of a cause of a failure is of importance. If failure can be attributed to adverse or unfair circumstances then negative emotions may impede future efforts and by that also performance. Efficacy will further decline. That could be the case when constrained managerial figurative intelligence is identified by the staff as a major impediment to efficacy.

The ABC - IDE Case

Normative personality	ABC International Austria	IDE LLC
<i>Figurative orientation trait</i>	Mastery Business-to-customer Technology A	Harmony Business-to-business Technology B
<i>Operative orientation trait</i>	Strong hierarchy and authority: Formal processes of communication with external and internal environment Fast Large company	More egalitarian, loyal and helpful Loose control Slow Small company
<i>Social orientation trait</i>	Dramatising High degree of standardization with respect to customers	Patterner Customer friendly

Conclusions in perspective

Possible extensions of the model:

In ***political systems***, Sagiv-Schwartz Mindset Types are extreme positions and representative of divergent major political streams of thought and of the main ideologies of political parties.

It should be possible to relate political programs and economic policy preferences to Sagiv-Schwartz Mindset Types.

Political intelligence may generate intermediate positions, with emphasis on social coherence and effectiveness of a social whole.