

# Lost in discussion: Subjectivity and its organisational implications

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## **Abstract**

This paper was written for a course on managerial decision-making in 2008. The main points arising throughout the following discussion are based around questions of personal identity and perception in relation to decision-making within an organisational context. Is individual subjectivity influencing decision-making and if so how do organisations cope with this phenomenon? The view taken here is that although rational theory has been the basis of evaluating organisational decision-making, people's (as in employees') subjectivity can hardly be denied, but found in everyday corporate politics. What we should critically observe is the occurrence of mechanisms of power and control in an attempt to constrain the former. Hereby a special focus is put on embedded forms of normative control within corporate culture.

**Keywords:** decision-making, personal identity, organisations.

## **Essay**

It seems that after decades of exhaustive publishing about 'decision making' and its processes we are left in a rather aporetic state with the insight that there is no single solution to the issue. Classical theories such as 'rationality' (Weber, 1974), as well as more recent ones (e.g. expectancy; first and foremost by Victor Vroom), provide us with a significant amount of empirical data and all in their own right seem to contain some sense of truth. Nevertheless doctrines of an omnipotent rational logic have dominated academic thought and consequently social as well as economic science's effort over man's reason for much of the twenty first century. At the same time theorists

of human behaviour (e.g. Simon, 1972) have long questioned the rationality of human actions and thinking, and its implications for predicting them. Is the complexity of human decision-making too individualised to draw constructive assumptions? In this essay I will discuss the problem of subjectivity and its implications for organisations.

In order to make a statement about their organisational implications, it is necessary to consider decision theories in the face of those concerning human behaviour. Most decision-making is referred to in normative and prescriptive theories, based on rational choice theory and normative models, which again rely on the axiom of human rationality; hence they set the premise ‘that all alternatives, the probability distribution of consequences conditional on each alternative, and the subjective value of each possible consequence are known’ (March in Shapira, 1997: 12) to the decision maker. On the other hand, descriptive theory focuses, in an empirical manner, on how decisions are actually made. One of the main forces to interfere with the notion of the functional, rational actor can be found in the subject itself. Perception is one of the main cognitive processes in human experience. We might call the impressions we experience, process and convert into a general image, knowledge or identity, but in fact it is the sum of all the perceptions and their consequent thoughts. Our world evolves around a principle that is best described as “*Esse est percipi*”<sup>1</sup>. That is where the crux of perception lies; it is mostly subjective and therefore the very process of ‘perceiving’ manipulates reality into what we feel it to be. Nevertheless decision theories claim that preferences are abiding, concise and unswayed and thus ignore ambiguity caused by individual perception and interpretation. Although prescriptive decision theory takes into consideration cognitive limits, Simon (1979) states that these ‘idealized models of optimizing entrepreneurs, equipped with complete certainty about the world – or at worst, having full probability distributions for uncertain events – are of little use’. Therefore, he claims that those models are theories of ‘how to decide rather than what to decide’ (Simon, 1979: 498). Even if the individual had this data and could process it in an adequate manner, he/she would still interpret it in a subjective manner, or as Flaubert put it: ‘There is no truth. There is only perception’ (Gustave Flaubert, 1957). The list of cognitive interventions (e.g. confirmation bias - the focus on selected data ignoring unsupportive data (Plous, 1993).) is endless and it always occurs in a pre-defined

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<sup>1</sup> Bishop George Berkley (1685-1753, developed the idea of Subjective Idealism, “*Esse est percipi*” – “To be is to be perceived” or “it is because it is perceived”)

environment. This also penetrates the rational model since it is likely to create another bias (e.g. ethnocentrism (Martinsons, 2001)), thus it should be clear that no individual is in the position to make perfectly rational decisions; reality does not equal rationality. In accepting these constraints the term 'bounded rationality' (Simon, 1997) was coined, claiming that people would tend to opt for rational choices within 'limitations of computational capability, the organization and utilization of memory' (March, 1978), which would lead to a 'satisficing' ('satisfy' and 'suffice') decision, rather than an optimal one. In addition, perception is not isolated but continuously remodelled by people's need to set new knowledge in perspective with existing perception and by interpreting relationships.

It should also be mentioned that organisations are exposed to new levels of uncertainty in a much more complex way due to globalization, capricious markets and the occurrence of new forms of organisational design (e.g. organisations that only exist in cyberspace), which further complicate organisational decision-making. As a result one might question the individual's ability for rational judgement in general, and in particular within an organisation. Knowing this, could we not assume that most organisational decision-making processes are inherently flawed by its operators opting for common sense, heuristics and acceptable solutions, rather than perfect and rational ones? Indeed Isenberg states that senior managers use their intuition for various issues and 'often ignore the implied linear progression of the rational decision-making model and jump opportunistically from phase to phase' (Isenberg, 2001). Barnard (1938) goes as far as to call the whole process opportunistic. If we leave aside this possibility or attribute it to senior managers' privileged position within organisational hierarchy and discuss the problem on a more general scale, i.e. the organisation in its entirety, the problems concerning perception and judgement still prevail. Regarding the former, should organisations assume some sort of employee good will? Simon (1979: 502) mentioned that

A fundamental characteristic of modern industrial society is that most work is performed... by persons who have accepted employment in a business firm and the authority relation with the employer that the employment entails. Acceptance of authority means willingness to permit one's behaviour to be determined by the employer, at least within some zone of indifference or acceptance.

Nevertheless the idea that people come together in organisations to pursue a greater goal is unrealistic; rather we alternately work with and against each other (Fleming, 2007). To better understand the implication of subjectivity one can assume that an organisation is in fact a 'political arena' (Bolman and Deal, 2003), in which according to Bolman and Deal five points should be considered key: 'Organizations are made of coalitions of diverse individuals and interest groups' with 'enduring differences in values, beliefs, information, interests, and perceptions of reality. Most important decisions involve allocating scarce resources', which lead to conflict central to organizational dynamics and underline power as the most important asset, thus claiming that 'decisions emerge from bargaining, negotiation, and jockeying for position among competing stakeholders' (Bolman and Deal, 2003: 168). So individuals are not only led by their subjective perception but also act upon it. This can be observed in their participation in political actions within organisations; people aspire to assuage their organisational, as well as their individual, preferences and needs. It does not matter whether they are internal or external to the organisation as long as they perceive that the decision will affect them.

Following this notion, it has become evident that politics are a source of conflict, since they occur 'when interests of one party clash with interests of the other party' (Huczynski and Buchanan, 2004: 791), or 'different readings of the organisational text' i.e. colliding subjective perceptions (Jackson and Carter, 2000: 25). Even though the proposition of coalitions differs from the classical hierarchical pyramid it also emphasises the importance of power, or power relations respectively. The question then is what an organisation will be willing to do in order to make employees stay in line? This will depend on the organisation's view of their workforce, i.e. the notion that humans are an unstable resource and averse decision-makers (Janis, 1979) or motivated, capable, and committed employees; as well as its over-all intentions, whether they pursue certain 'business ethics' or any other formalised notion of corporate responsibility or whether they see themselves in a 'Friedmanesque' tradition, i.e. that the sole object of any capitalist organization is to make profit (Friedman, 1970). The latter determines that the employee is always 'the agent of the individuals who own the corporation or establish the eleemosynary institution, and his primary responsibility is to them' (Friedman, 1970). Consequently (in mainstream management literature) conflict and resistance are treated as, not intrinsic, but reactive problems to be overcome. This has

a direct influence on the way an organisation will let people make decisions, i.e. the scope of control mechanisms they will impose upon their employees.

To understand the implication of power tactics one might look at different notions of power. Dahl (1957) describes power as a blatant phenomena visible in conflicts, nevertheless he claims that interests are apparent and thus concentrates on conflict behaviour in decision-making processes, i.e. who makes whom do what; Foucault (1998: 95) sees power and resistance as coexistent, 'where there is power, there is resistance'; Bacharach and Baratz (1962) add that power is also exerted in non-decision-making, i.e. the assumption of resistance and anti-behavioural activities as tools of power, hence it seems that the organisational implications of the subjective self have an immediate effect on individual and organisational motivation; Lukes (1974), on the other hand, asserts that power has been institutionalised and accepted, and people or organisations have the power to define the meaning of reality.

One implication for organisations is to not only monitor and measure performance through technology, but to use the power of corporate culture, i.e. the notion that organisations transfer a ready-made perception to its members. Once a perception is conveyed to a group it will become an integral part of the individual self-perception and ultimately blend into a person's identity. Thompson and McHugh (2002: 233) also argue that we tend to generate a personality within our workplace and that this process is in fact 'an actively managed and continually rehearsed manipulation of our identity.' Organisations channel collective perception and create a dominant reality. Hofstede (2005: 4) describes culture as 'the collective programming of the mind', which brings up the question to what extent individual perceptions are open to manipulation. If organisations indeed have the power to 'talk things into being' (Oswick, 1997), they can certainly manipulate perceptions, maybe even the way employees think and make decisions (e.g. 'this is how things are' or 'this how we do things around here'). Another method to secure cooperation without spoiling engagement can be observed in notions of 'empowerment', i.e. referring more complicated tasks and decisions to subordinates to make them feel good about themselves and generate motivation. Although recent findings suggest that 'empowerment' raises personal welfare and employee engagement, the concept has been widely criticised as 'attitudinal shaping' (Wilkinson, 1998). Supposedly modern market rationality, through mechanisms as downsizing, re-engineering and outsourcing, i.e. the generation of job uncertainty, prevents the individual

from influencing organisational decision-making and thus makes normative control redundant. On the other hand we can see its consequences, now more than ever, in the form of selection and rigid recruitment; 'you either buy into their norms or you get out' (Peters and Waterman, 1982: 77). Whereas normative control used to cause absenteeism, irony or alienation and a growing number of work-related health issues (e.g. depression, drug abuse etc.) since coercive cultural conformity forced employees to have a depersonalised organisational self and a private self; neo-normative control emphasizes the importance of authenticity, i.e. the encouragement to "be yourself" (Fleming and Sturdy, 2007) at work (e.g. the current 're-enchantment' of work through spirituality (Casey, 2002)), nevertheless it excludes those who refuse to share their private life and therefore can be seen as just another form of coerced conformity. Of course one could argue that the formation of groups will prevent the influence of an individual over decisions. Nevertheless, in terms of perception, it will only lead to more complexity and therefore increase the need for control, which underlines my arguments for the latter.

Modern technology, increased automation and normative control (i.e. ideology) have minimised the effect of human deficiencies and error within organisational decision-making:

Individualism, self-interest and calculative careerism... have superseded the drive to instil organizationally based values and collective identification, [and] neither managerial disenchantment with homogenous cultures nor market rationalism mark the decline of normative control. (Fleming and Sturdy, 2007: 1)

Although this might lead to improved organisational performance one should not disregard the downside i.e. the suppression of the individual self. Furthermore all implications are interpreted reactionally to subordinate action, and no visible effort has been made to handle the implications I have discussed in a constructive manner. Through the consensualising and conditioning of people, and the continuous socialisation of organisational ideology into culture, the power to minimise potential problems in organisational decision-making is insinuated, downplaying uncertainty and relying on the delusion of control. Apart from that the worker is treated as a passive receiver rather than an interpretive and reflective individual; the amount of control an organisation can exert over an individual, as well as over events (e.g. current situation on the financial market) seems to be overestimated.

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