# LONERGAN'S INTENTIONALITY ANALYSIS AND THE FOUNDATIONS OF ORGANIZATION AND GOVERNANCE: A RESPONSE TO GHOSHAL.

Submitted by

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# STATEMENT OF SOURCES

This thesis contains no material published elsewhere or extracted in whole or in part from a thesis by which I have qualified for or been awarded another degree or diploma.

No other person's work has been used without due acknowledgment in the main text of the thesis.

This thesis has not been submitted for the award of any degree or diploma in any other tertiary institution.

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# ACKNOWLEDGEMENTS

The research for and the writing of this thesis has provided the author not only with an opportunity to strengthen the personal integration that began to take hold during the long reading and gestation of Lonergan's *Insight*, but also, it enabled him to explore the wider applications of this work for any project of organization and collaboration, as Lonergan had later done for theology, in *Method in Theology*.

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# ABSTRACT

The thesis explores the nature of organization and governance by applying a method of intentionality analysis as elaborated by the Canadian philosopher and theologian, Bernard Lonergan, in his two monumental works, *Insight – a study of human understanding*, and *Method in Theology*. The project arose from the writer's own experience in management education and consultancy.

Admittedly, intentionality analysis has not been a major theme in the management literature. However, the late Sumantra Ghoshal drew attention to the consequences of neglecting the dimension of intentionality in business education and management theory, such consequences as unethical practices and even the collapse of corporations, as was the case with Enron. In a paper published by the Academy of Management Learning and Education in 2005, Ghoshal raised a number of crucial and epistemological questions, though he offered no easy answers.

In the effort to rise to Ghoshal's challenge, this thesis argues that Lonergan's method of intentionality analysis opens new ways to approach the theory and practice of management. It thereby suggests a model relevant to all managerial tasks. Hence, it repeatedly stresses the value of asking questions and of attending to data. It indicates what is involved in the understanding of a given situation, in the making of judgments based on experience, and in the deciding on particular courses of action. In so doing, the thesis clarifies a number of intricate epistemological questions, while emphasising throughout, the vital role of self-knowledge and self-possession.

The thesis is essentially a step-by-step discussion of the various elements in intentionality analysis in the context of corporate management. Hence, for the sake of

brevity, it designates its “intentionality analysis method” with the acronym, IAM (and in reference to organisational operations, IAMO). To illustrate various aspects of intentionality analysis for the purposes of management education, the author draws on exercises previously used in his involvement in executive workshops. The usefulness of the IAM developed in this thesis is highlighted by comparing and contrasting it with selected management theories on learning and strategy as found in the writings of, for example, Belbin, Janis, Kegan, Revans, Argyris, Nonaka, Takeuchi, Senge, Mintzberg, Ansoff, Lewis and Jaques. The project concludes with a discussion of the pedagogical challenges involved in presenting such material to managers, with reference to some contemporary developments in business education.

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# CHAPTER 1: INTRODUCTION

Human development depends on organizations and good governance. That many organizations fail is of perennial concern, especially to those who lead and manage. Where then, does the source of healthy stability and solid development lie? This thesis will argue that it lies, not only in personal integrity, but in a proper respect for the nature and dynamics of genuine thinking: therein lies the source of all value-adding for all organizations and activities. To grapple with such deep and personal considerations means proceeding by way of what is commonly called "intentionality analysis"—simply put, a method of investigation how the conscious person operates in ordering experience, asking the relevant questions, arriving at sound judgments and making decisions and implementing them. This whole topic has been neglected within management theory and practice, and so we would wish to redress the balance in this regard.

Accordingly, the first two chapters introduce the need and place for intentionality analysis in management theory and practice. The next four chapters provide a step-by-step exploration of the components of intentionality analysis that bear on the nature of organization. The final two chapters return to a consideration of management theory and practice from this new perspective, and discuss the pedagogical challenges of introducing this notion into business education.

This first chapter is set out as follows:

1. The Problem
2. The Basic Terms of the Thesis
3. Management Theory and Practice
4. General Theoretical Frameworks
5. Organization of the Thesis

# 1. THE PROBLEM

A paper by Sumantra Ghoshal, published posthumously in the journal, *Academy of Management Learning and Education*, and directed primarily towards his management research colleagues in business schools, has provided a particular stimulus for this thesis.[1] The concerns he expressed reflected many of my own that had arisen in management consulting and education. His paper was passionate, wide-ranging and extensively referenced. It was a call to business schools to take stock more deeply of what they were doing.

Reflecting on corporate collapses, such as Enron, Ghoshal argued persuasively about the harmful effect that wrong ideas, dominant in business schools, have had on business practice. He focuses, for example, on the effect of the scientific model in research:

> ..over the past 50 years business school research has increasingly adopted the "scientific" model—an approach that Hayek described as the pretense of knowledge. This pretense has demanded theorizing based on partialization of analysis, the exclusion of any role for human intentionality or choice, and the use of sharp assumptions and deductive reasoning. Since morality, or ethics, is inseparable from human intentionality, a precondition for making business studies a science has been the denial of any moral or ethical considerations in our theories and, therefore, in our prescriptions for management practice.[2]

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[1] Sumantra Ghoshal was a Fellow of the Advanced Institute of Management Research in the UK and a Professor of Strategic and International Management at the London Business School. He served as a member of The Committee of Overseers of Harvard Business School and was the Founding Dean of the Indian School of Business in Hyderabad. He wrote this paper shortly before he died. Sumantra Ghoshal, "Bad Management Theories Are Destroying Good Management Practices," *Academy of Management Learning and Education* 4, no. 1 (2005): 75-91.

[2] Ibid.: 76-77.

He goes beyond this issue to consider deeper influences of ideology and unexamined assumptions that have "colonized" management thinking and disciplines beyond management, such as in economics, psychology and sociology.

Ghoshal saw no easy way to reverse what has become a deep-seated problem. He places the issue firmly with researchers themselves, and appears to challenge them with a reminder of their larger objective:

> The ultimate goal must be to go from the pretense of knowledge to the substance of knowledge. Physicists continue to seek a unifying grand theory that would combine both the particle and the wave nature of light. We too must seek the same with regard to the different and contradictory facets of human nature and organizational behaviour. But just as such a grand unification has eluded physicists so far, so it is likely to elude us for a long time.[3]

Ghoshal's interest in intentionality, his concern about the "pretense of knowledge" and his recognition of the ultimate goal for management research being the "substance of knowledge", including a "grand unification", has also echoed concerns which had preoccupied an academic in an unrelated discipline, fifty years earlier, and whose writing, then and subsequently, has direct relevance today to the issues that Ghoshal identified.

This thesis takes up the ideas of that academic, Canadian philosopher and theologian, Bernard Lonergan, and applies them to the management field. Having found these ideas immensely practical in my own work, I have developed them here to offer a new approach to framing the foundations of management theory.

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[3] Ibid.: 87.

Ghoshal raised significant questions about the neglect of intentionality. Lonergan has based his philosophy and the method of theology explicitly on what he termed "intentionality analysis".[4] This method, I will argue, offers a new way of thinking about organizations and management in a way that rises to Ghoshal's challenge. Both for Ghoshal and Lonergan, intentionality is a key to unlock deeper insights into management decision-making and the processes of value-adding, both central features of organization and management.

Intentionality resides within human consciousness. Yet, as Ghoshal pointed out, any examination of mental states falls outside of normal scientific method, especially in the context of the organization and governance of today's large corporations. Hence, this thesis aims to challenge those who are immersed within a 'scientific paradigm' to adopt a larger and more creative point of view. Suffice it to say, at this point, that I aim to present an integral view of organizational process specifically based on the human person as the source of value and of value-adding activities.

Anyone intent on effective, personal integration is involved in an exercise of self-appropriation. As the thesis will make clear, personal integration—and personal integrity—have significant parallels to the more extensive, corporate integration of organizations and their governance. It suggests a process of authenticity in analysing the data, pondering the evidence, making judgments and taking responsible decisions, and all in a spirit of ongoing openness, vigilance and innovation.

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[4] Bernard Lonergan, *Method in Theology* (Toronto: University of Toronto Press, 1972), 340-343.

I argue, therefore, that intentionality analysis meets Ghoshal's challenge, by offering something akin to the " grand unification" he requires. It will provide a robust, explanatory framework for the familiar conflicts, failures and successes inherent in organizational behaviour. This method also meets his concern about the substance of knowledge, grounding it within a clear and explicit epistemological position. Within this novel framework, we can proceed to a fundamental examination and assessment of various management theories.

**The Foundations of Management Theory and Practice**

Management is a practical art. It necessarily draws on a wide range of instruments, techniques and methods. It is not, traditionally speaking, a learned profession as is the case with, for example, medicine, law, accounting, architecture or engineering, with each of these based on classic texts and eminent authorities, and subject to a highly developed regulation in accord with recognised criteria. For its part, management lacks a scientific foundation on which to base its practice. Admittedly, many systematic accounts are emerging, with their respective theoretical or practical approaches for directing action in particular areas, such as the management of change and the promotion of better communication between people with their particular skills and responsibilities.

Many have commented on the proliferation of management theories. They have drawn attention to the role of paradigms in management research and the quest, however elusive, for some kind of integration or "foundational base".[5] From the

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[5] Lex Donaldson, *American Anti-Management Theories of Organisation: A Critique of Paradigm Proliferation* (Cambridge: Cambridge University Press, 1995), Jeffrey Pfeffer,

perspective of social science research, Burrell and Morgan have offered an integrating framework for all management theory.[6] They have claimed that there are four dominant groupings or orientations of sociological and management theory. These are defined on the basis of their respective philosophical and epistemological underpinnings and influence. Nonetheless, neither in such work nor in the wider management literature, has there been any discussion of the foundational theory—and its epistemological base—that I am proposing here.

Lest this sound too philosophical, we note that in his paper, Ghoshal implicitly raises basic epistemological questions. For example, when he writes of "bad theories" being taught in business schools, one might ask what are 'good theories'. When he claims that a "pretense of knowledge" pervades management research, we might ask what genuine knowledge is. And, when he maintains that wrong ideas have "colonised" business schools, we might question how this state of affairs, which he regards as requiring urgent and collective attention, might be reversed.[7]

Three seminal questions, it seems to me, arise out of Ghoshal's paper that are relevant to this investigation: What am I doing when I am knowing? How do I know whether an idea or theory is right or wrong, good or bad? How does this knowing guide action? These basically epistemological questions have a direct bearing on the

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"Barriers to the Advance of Organizational Science: Paradigm Development as a Dependent Variable," *Academy of Management Review* 18, no. 4 (1993): 599-620.

[6] Gibson Burrell and Gareth Morgan, *Sociological Paradigms and Organisational Analysis* (Aldershot: Gower, 1985).

[7] Ghoshal, "Bad Management Theories Are Destroying Good Management Practices," 87.

judgment of the situation one is facing, and how this, then, relates to what is to be done.

In the post-modern mood of philosophy, such questions seem peripheral. Burrell and Morgan defer any discussion of them, while Ghoshal himself does not directly address them—as is the case with management literature generally. Though such literature is vast and of great diversity, some dissatisfaction has recently been expressed as to the multiplicity of seemingly conflicting paradigms. As Pfeffer observes,

> There is little apparent agreement about how to resolve the controversies among competing paradigms—not only disagreement about which one is correct or useful, but disagreement about how to even go about figuring this out. Because of these fundamental developments, debates about the basic epistemological issues, even though useful at one level, never seem to produce much resolution. Rather, they are repeated periodically, often covering the same ground.[8]

I will contend that Pfeffer's concern can be addressed in the light of Lonergan's method, as it opens a path to integration in ways that have not been considered within the management field. It is not so much a matter of a wholesale revolution as a development. The method we will commend will not replace existing theory, but provide a more critical avenue from which to approach it.

On a personal note, my response to Ghoshal's paper has been influenced by my own practical experience as a consultant and management educator. In the various projects in which I have been involved, the basic questions alluded to have kept

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[8] Pfeffer, "Barriers to the Advance of Organizational Science: Paradigm Development as a Dependent Variable," 617-618.

recurring. Eventually, I found a way to answer them through intentionality analysis. As a result, I came to the realisation that satisfactory answers to the questions underlying good management practice could shape future developments of management theory, and the learning, teaching and practice that follow.

**The Analysis of Intentionality**

The neglect of intentionality lies at the heart of Ghoshal's concern. Those who commented on his paper, in the same edition of the journal, did not acknowledge this. Nor did they take up the equally serious contentions about bad theory, wrong ideas, the pretense of knowledge, and the pervasive 'climate of thinking' across business schools. Most respondents agreed with his arguments in general, while recognising the rhetorical style in which they were expressed. Some offered alternative views about the cause of business collapse, while one contended that his dismissal of Popper's method of falsification need not have been so radical.[9]

Intentionality, however, originates within the individual human person. Accordingly, in the first part of my thesis, I will examine its structure in the wake of Lonergan's analysis. I proceed in three steps.

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[9] A more substantial response to Ghoshal's paper occurred the following year, 2006, at a conference titled "the Future of the MBA". Deans and leading business academics (including Mintzberg, Argyris and Pfeffer) met at Toronto University to engage in constructive dialogue to address current concerns about business education. The hosts have attempted "to integrate" the views of those who attended, in their book: Mihnea C. Moldoveanu and Roger L. Martin, *The Future of the MBA—Designing the Thinker of the Future* (New York: Oxford University Press, 2008). We will turn to this text in our last chapter on pedagogy.

First, on the assumption that the prime function of organization is to add value, I argue that, in a foundational sense, the human person is the originator of value and of value-adding. Here, I examine the process of value-adding, and the nature of value itself. This leads to a definition of the structure of intentionality as self-appropriation. Secondly, I show how this structure guides human communications. Thirdly, I draw on the essential features of the structure of intentionality to develop a generalized conception of the structure of organization and governance. This, in turn, suggests a new template for management theory, which I deal with in the second part of the thesis, in a manner that will address and answer Ghoshal's concerns.

This approach then, will present a challenge to prevalent theory and practice within the field of management. It points to what lies behind and beneath social science's preoccupation with behaviour and the measurable. In contrast to this preoccupation, the method we will be exploring will require an examination of consciousness in order to find the experiential base for organization and governance.

I turn now, in this chapter, to define the basic terms figuring in the title of this thesis. After that, I discuss aspects of management theory and practice from three perspectives: first, in relation to Ghoshal's challenge; secondly, from my own personal experience in consulting and management education; and thirdly, in the larger context of thematic developments in management literature. Then follows a brief discussion on general frameworks of management theory. Finally, the chapter concludes with an outline of the thesis.

## 2. THE BASIC TERMS OF THE THESIS

First, a preliminary word on the terms and references appearing in the thesis topic, in anticipation of a fuller treatment to follow. I begin with the focal term, organization, and then, in turn, I treat with governance, foundations and Ghoshal's position. The meaning of intentionality analysis and Lonergan's contribution to it, will then be explained.

**Organization**: Organization refers to the setting and processes through which people gather and co-operate to achieve a specified purpose. Within an organization, roles and tasks are set up, work is performed, relationships are formed, loyalties or enmities are built and results are achieved. An organization is part of a community or larger group. Its membership can extend across boundaries of state and nation, and its individual members can belong, also, to other organizations. As an integral part of human living, the organization is a system of relationships—including those with stakeholders—expressed through communications and, especially, conversation. As intimated above, a key integrating factor and binding force of organization is the integral set of values that inform and guide its purpose and behaviour, including its many forms of communications; and the key measure of its effectiveness is its capacity and capability to add value.

**Governance:** Governance derives from the Latin, *gubernator*, meaning "helmsman".[10] This derivative has a personal connotation, implying a range of specific skills such a person must have. Intrinsic to being at the helm is the notion of destination to which

[10] Cybernetics, or the science of systems of control and communications to which we will later refer, shares the same etymology.

one steers and also what one must do to navigate successfully to arrive there. Furthermore, within an organization, the power and authority of governance is established upon a foundation of trust, formal contract, direct empowerment or delegation. Entrustment and accountability are two dimensions of cooperation implicit in governance relationships.

**Foundations**: As a building has its hidden foundations, so also does an organization. A foundation provides bedrock upon which a building stands secure. The building 'fits' its foundation. Thus, I will attempt to show how intentionality, or human consciousness, provides a foundational account of organization theory and practice. It will be central to my argument that this foundation lies, at its core, within the human person. It follows that the powers of the organization amplify those of the individual. In ever increasing circles and layers of control and freedom, the foundational pattern is replicated in the organization.

**Ghoshal**: In his paper, Ghoshal stated that "the ultimate goal must be to go from the pretense to the substance of knowledge". This included the search for a grand unification "with regard to the different and contradictory facets of human nature and organizational behaviour." Ghoshal's quest, to find and establish a sound base for business practice, raises many issues and topics pertinent to my thesis: the nature of epistemology, the linkages between theory and practice, what is right and wrong, the nature of ethics, the analytical methods of science, the nature of common sense and the nature of good educational practice. My response to Ghoshal's quest, representative of a movement across the management field, is to contend that a foundation and integration of these topics, as they apply to research, theory and practice within management and business, is mediated by the structure of intentionality and self-appropriation.

**Intentionality analysis:** Intentionality analysis reveals the variety and pattern of conscious activities involved in 'thinking', and by extension, in knowing and acting. Thinking involves mental operations—such as listening, questioning, remembering, understanding, reflecting, evaluating and making decisions. Grammatically, however, note that each operation is transitive, for which there is, necessarily, a subject and an object, such as listener and sound, rememberer and remembered and so on. This trilogy of terms – a listener listening to a sound—can be generalized in the form that for each operation, a subject intends an object. In this case, 'intends' is the verbal form for which intentionality is the noun equivalent.[11] Intentionality analysis involves the identification of 'intentional acts' (or mental operations, or cognitional activities) performed in consciousness, and the patterns that recur within and between those acts.[12] It opens a way to conceive not only a common structure for all subjects, all acts of intentionality and all objects, but also a method to guide all collaborative engagements where thinking is involved. In this sense, I hope to show that intentionality analysis opens out a foundational structure for organization.

**Lonergan's contribution to intentionality analysis**: My presentation of this foundational structure draws largely from the writings of the Canadian theologian and Jesuit priest, Bernard Lonergan (1904 – 1984). They deal extensively with the analysis of intentionality in knowing and acting, both within oneself and in collaborative enterprise.

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[11] Lonergan, *Method in Theology*, 6-7.

[12] Intentionality, as we use the term, refers to the acts which link subject and object. It is to be distinguished from "intention", which generally refers to the object of a decision, and usually found within the explanation and reasons given for actions that accompany the decision.

Lonergan, in his wonderings about "what he was doing when he was knowing" in his theological discipline, was led to write the deeply philosophical treatise, *Insight*,[13] in 1957. Some twenty years later, his greater project of intentionality analysis, *Method in Theology*,[14] followed. It designed a collaborative, interdisciplinary framework specifically for theology, but of considerable importance to many other disciplines. In fact, he suggested that the discipline of theology had to be a collaboration of eight functional specialities, with each based in a specific activity of human consciousness or intentionality. As we will see, these eight specialities appropriately find their counterpart in the collaborative structure of organization and its governance. We will be drawing on both texts to extrapolate from them a new model of organization and governance in the area of management.

It is relevant to observe that Lonergan, as with all significant modern thinkers, was formed, between World Wars I and II, in the classical disciplines of his profession—in his case, theology and philosophy. Increasingly, like the generality of modern scholars, he found the classical system unable to handle contemporary issues being raised in modern physics, biology, psychology, economics, politics, history and, in particular, philosophy. This led him to explore more deeply the basis of knowledge in a way that would be pertinent to all disciplines. In the introduction to his magisterial *Insight*, he summarised, in the following lapidary fashion, the radical nature of his project: "Thoroughly understand what it is to understand, and not only

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[13] Bernard Lonergan, *Insight—a Study of Human Understanding*, ed. Frederick Crowe and Robert Doran, vol. 3 of the Collected Works (Toronto: University of Toronto Press, 1992).

[14] Lonergan, *Method in Theology*.

will you understand the broad lines of all there is to be understood but also you will possess a fixed base, an invariant pattern, opening upon all further developments of understanding."[15]

In this respect, Lonergan's project was focused, not so much on content, but on the method, process and activity of the mind in its knowing. He was, in short, delving into the foundations of the knowing process and the range and validity of the knowledge it produced. While committing himself to a closer reading of Aristotle, Aquinas and others classical authors, he was particularly impressed by the success of modern science in many areas. He drew on the demonstrated success of empirical science and of mathematics, yet was sensitive to the peculiarly adaptive capacities of practical common sense. His most distinctive discovery was the role played by "insight", as he termed it, in every form of knowing. He wrote, with an eye to the practical applications of his philosophical exploration:

> ..insight is the source not only of theoretical knowledge but also of all its practical applications, and indeed of all intelligent activity. Insight into insight, then, will reveal what activity is intelligent, and insight into oversights will reveal what activity is unintelligent. But to be practical is to do the intelligent thing, and to be unpractical is to keep blundering about. It follows that insight into both insight and oversight is the very key to practicality.[16]

But insight was not only the source of enlightened practicality. It was also at the heart of progress and social transformation. In this regard, Lonergan observes,

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[15] ———, *Insight*, 22.

[16] Ibid., 8.

> Thus, insight into insight brings to light the cumulative process of progress. For concrete situations give rise to insights which issue into policies and courses of action. Action transforms the existing situation to give rise to further insights, better policies, more effective courses of action. It follows that if insight occurs, it keeps recurring; and at each recurrence knowledge develops, action increases its scope, and situations improve.

Yet, as a condition of enlightened practicality and of the larger cultural process of progress, this fundamental activity of insight also has a critical role to play in revealing what is wrong in any situation, in offsetting decline and in addressing the multiple biases that may be at work:

> Similarly, insight into oversight reveals the cumulative process of decline. For the flight from understanding blocks the insights that concrete situations demand. There follow unintelligent policies and inept courses of action. The situation deteriorates to demand still further insights, and as they are blocked, policies become more unintelligent and action more inept. What is worse, the deteriorating situation seems to provide the uncritical, biased mind with factual evidence in which the bias is claimed to be verified. So in ever increasing measure intelligence comes to be regarded as irrelevant to practical living. Human activity settles down to a decadent routine, and initiative becomes the privilege of violence.[17]

From this perspective, Lonergan's project is dedicated to remedying what he interprets as the flight from understanding. It means contesting bias operating within the individual, the group and society itself. In organizations, flight from understanding (and, by implication, from responsibility) and the refusal to recognise bias are two sources of dysfunction. Each, in its way, contributes to ineffective decision-making, hastens the process of decline or, in some cases, leads to catastrophic collapse. On this analysis, Lonergan offers an approach, through intentionality analysis, to get to the heart of the matters that concerned Ghoshal.

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[17] Ibid.

Furthermore, the only corrective to oversight and bias is to use the mind well, individually and collectively. When individuals and groups recognise the demands inherent in pursuing the truth of the situation, there is more likelihood of appropriate development in personal and organizational terms. But, if one is to use the mind well, it is of value to know how the mind, in quest of knowledge, actually works. Hence, the fundamental importance of Lonergan's contribution.

We must stress at this point, lest the impression be given of an unwarranted imposition of theological concerns on the business of management, that Lonergan's project in *Insight* is not based on a theological position, or even on a particular philosophical point of view. In that regard, he is, in one sense, a post-modern, in that he radically criticises familiar concepts and appeals to a new foundation accessible to human experience. He commends his approach as a generalized empirical method. That is to say, he rigorously attends to data, namely, to what is given, before it is conceptualised and formed into a system of some kind. The data concerned are of different kinds, such as the findings and teachings of the scholarship and tradition available to him, the successfully operating canons and norms of science and mathematics as presently understood, and, most importantly in the present context, the data of consciousness, with its acts of intentionality, responses and feelings.

In short, Lonergan's intentionality analysis discloses the fundamental structure of human consciousness in its activities of knowing and doing. Attention to these data of consciousness results in the expression of four basic precepts: Be attentive; Be intelligent; Be reasonable; Be responsible. In later chapters, we adopt an acronym, IAM—Intentionality Analysis Method—to represent this fundamental structure as it applies to oneself, and IAMO, as it applies to the organization.

We now pass on to review issues pertinent to management theory and practice, an apparent dichotomy, to which the consideration of intentionality can effect an integration.

## 3. MANAGEMENT THEORY AND PRACTICE

My discussion of management theory and practice has three parts. First, I draw on Ghoshal's paper to highlight some issues relevant to my later treatment of intentionality analysis. Secondly, I complement Ghoshal's view by offering the concerns of a practitioner—namely, myself—struggling to make sense of management theory as it applied to his own practice as a consultant and management educator. Thirdly, I offer a perspective on developments in management theory, to show an emerging interest in intentionality.

### Ghoshal's Concern

Ghoshal, a widely recognised organizational theorist and educator, was deeply disturbed by the collapse of Enron. It provoked him to return to the topic that had been preoccupying him for some years about management theory and the extent to which business schools contribute to, or fail to prevent, such catastrophic events.[18] His last paper, "Bad Management Theories Are Destroying Good Management

[18] Sumantra Ghoshal and Peter Moran, "Bad for Practice: A Critique of the Transaction Cost Theory," *Academy of Management Review* 21, no. 1 (1996): 13-47, Sumantra Ghoshal, Christopher A. Bartlett, and Peter Moran, "A New Manifesto for Management," *Sloan Management Review* 40, no. 3 (1999): 9-20.

Practices" was offered posthumously to the American Management Association's *Academy of Management Learning and Education*, which published it shortly thereafter.

As Ghoshal reflected on the collapse of Enron, he asked what lessons there were for himself and his colleagues, involved as they all were, in executive education. Although, as he observed, Enron is now widely presented in business schools and the community generally as a case of bad business ethics, he maintains that ethical and legislative responses will not fix the problem. Rather, business schools should stop doing a lot of what they are currently doing, including teaching deficient and bad management theories. He challenges Deans and others who have an interest in business education, to examine the truth of what he says. Of special importance for our investigation, he challenges his professional readers to look closely in two places, namely, in themselves and in the business theories they uphold.

Ghoshal, drawing widely and deeply from the management literature, contests that bad theories destroy good management practice. His propositions are complex, yet persuasive, and require more thorough analysis to validate than is appropriate for me to do here, given my purposes within this thesis. What is relevant for my purposes, in taking account of what Ghoshal is presenting, are two issues: the first issue relates to his discussion of intentionality; the second relates to his assumptions about epistemology, which he does not make explicit although he raises significant epistemological issues in relation to the problems he presents.

Ghoshal looks behind particular management theories to find deeper underlying factors, which have produced bad practice. He identifies two dominant influences: the first, he calls "the pretense of knowledge", based on a desire to make management studies a social science; the second, he calls "ideology-based gloomy vision" based on what is more generally called "liberalism".

***Pretense of Knowledge***

Ghoshal maintains, that in attempts to make management studies a social science, management researchers have dropped intentionality from their considerations. This requires them to regard human actions as based on a form of causal determinism and to exclude any significance for the person: people's actions are shaped by laws of psychology, economics and sociology—as if these disciplines were a kind of physics.

Ghoshal maintains that business researchers have neglected normative methods well known in the philosophy of science, such as those outlined by Jon Elster, a philosopher of science.[19]

Ghoshal examines, in particular, agency theory as an example of bad theory. He argues there is no empirical evidence to suggest that its prescriptions work. It has adversely affected governance arrangements (independent directors, separation of roles of chair and CEO, the use of stock options), yet its main elements have been adopted by the major regulatory agencies in the US, in the UK and in India. In contrast, there is more reasonable ground to support the tenets of stakeholder theory. But, he maintains, this approach is neglected, for it is harder to model it mathematically, and its use would require us to fall back on "the wisdom of common sense".

Ghoshal argues, however, for a "scholarship of common sense". Though not explicit in making clear what he means by this term, he gives examples by referring to Freud's "inductive and iterative approach to sense making" and Darwin's work as a

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[19] Jon Elster, *Explaining Technical Change—a Case Study in the Philosophy of Science* (Cambridge: Cambridge University Press, 1983).

detective and not an experimenter, an adventurer and not a mathematician. He proposes that an epistemology of disciplined imagination,[20] and not an epistemology of formalised falsification,[21] should govern business school methodology and practice.

***Ideology-Based Gloomy Vision***

Alongside the "pretense of knowledge", Ghoshal argues that a darker, deeper pessimistic view of human nature has colonised business schools and other disciplines. He cites "the Chicago agenda", in particular, as an example of this colonisation. Based on what Friedman called 'liberalism', this view focuses on the primacy of the individual, who needs to be left alone to determine what is ethical, but because the individual is imperfect, organizations need to design ways to prevent excessive opportunism and self-seeking behaviour. This 'liberalism' disregards what others may hold as common sense, namely that people are capable of being other-regarding, and are more complex mixtures of both good and bad.

The dominance of this ideological-type thinking leads, in Ghoshal's view, to deficient theories of determinism and behaviourism (which deny a place for purposeful, goal-directed organizations) and value appropriation—as opposed to value creation—such as typified in Porter's theory of strategy.[22]

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[20] Such as that advocated by Weick, in K. E. Weick, "Theory Construction as Disciplined Imagination," *Academy of Management Review* 14 (1989): 516-531.

[21] Ghoshal refers to K. R. Popper, *The Logic of Scientific Discovery* (New York: Harper and Row, 1968).

[22] Michael Porter, *Competitive Strategy: Techniques for Analyzing Industries and Firms* (New York: Free Press, 1980).

He discusses the agency theory of governance[23] in some depth, setting it within the wider context of underlying assumptions and influences discussed above. In it, Ghoshal sees the influence of Friedman's famous assertion that the manager's job is to maximise shareholder value. But, Ghoshal asks, if value creation is achieved by a combination of resources contributed by different constituencies, why single out one? Moreover, why should it be taken for granted, that in this principal-agent model, the shareholder be considered to carry the most risk in a business? After all, it is easier for a shareholder to sell shares than for an employee to change jobs. It must also be recognised that employees contribute their knowledge and skill; and this is often more valuable than the contribution of capital by shareholders.

Friedman argues that there are no grounds for concern if theoretic assumptions do not precisely reflect reality: what matters is that they can predict outcomes.[24] Against such a position, Ghoshal maintains that agency theory, even though it has little explanatory or predictive power, has influenced the important debates concerning the need for independent directors, or for splitting the role of Chair and CEO. As for prediction, though corporations create markets for corporate control or hostile take-overs, and though they pay managers in stock options, none of these factors predict the success or failure of the enterprise.

After pointing to the deficiencies of agency-theory, Ghoshal turns his attention to 'liberalism' as a social and economic theory. This, Ghoshal maintains, has a "gloomy

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[23] This holds that managers cannot be trusted to do their jobs and that appropriate control and reward systems are needed to ensure they do.

[24] Milton Friedman, *Essays in Positive Economics* (Chicago: University of Chicago Press, 1953).

vision" at its core. It brings with it a set of pessimistic assumptions about individuals and institutions. This social theory influences how people behave and has a negative impact on the organization, in the design of controls to prevent opportunistic behaviour. The theory holds that individuals are not only self-interested but that they will break promises and commitments, lie and cheat if they perceive that the benefits of doing so exceed the costs.[25] In this context also, he cites Porter's "five forces framework", claiming it adversely influences the design of strategy and policy. It presumes that companies compete, not only with their competitors, but also with suppliers, customers, employees and regulators, to appropriate value rather than create it.

***A New Pluralism***

Although he does not underestimate the difficulty of bringing a reversal to these negative influences, Ghoshal does take some comfort in the emergence of Positive Psychology, such as espoused by Seligman, and a new movement called Positive Organizational Scholarship.[26] These, he maintains, are building on the positive elements in human nature as opposed to finding ways to contain the negative.

His call to business schools to reform is simple. It is to adopt a pluralist approach to scholarship. Following Boyer's analysis of academic work, Ghoshal lists four kinds of scholarship which he proposed would contribute to a recovery of good practice

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[25] Ghoshal, "Bad Management Theories Are Destroying Good Management Practices," 85.

[26] Ghoshal refers to an article by Peterson and Seligman in K. S. Cameron, J. E. Dutton, and R. E. Quinn, eds., *Positive Organizational Scholarship* (San Francisco: Berrett-Koehler, 2003).

within business schools. Boyer had written of the four pedagogies: discovery (research), integration (synthesis), practice (application) and teaching (pedagogy).[27] Ghoshal wrote:

> We need to temper the pretense of knowledge and re-engage with the scholarships of integration, application and pedagogy to build management theories that are broader and richer than the reductionist and partial theories we have been developing over the past 30 years.[28]

Of these four, he maintains that business schools over the past 30 years have eliminated all except the first. By restoring the balance, he hopes that a self-correcting method and critique will be introduced.

Ghoshal is calling for a more deeply grounded response, beyond Boyer's four pedagogies. His challenge, when he refers to Freud's and Darwin's approaches to scholarship, stops short of making explicit his own notions of epistemology. My aim therefore, is to provide more satisfactory answers to Ghoshal's concerns through a detailed exploration of intentionality.

**A Personal Perspective**

As Ghoshal has challenged management researchers and academics to examine, not only what they are doing in their research and teaching, but also to examine themselves, I consider it appropriate to offer reflections that have arisen in my work in management education and consulting. Questions arose for me on the theories and

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[27] Ernest L. Boyer, *Scholarship Reconsidered—Priorities of the Professoriate* (San Francisco: Jossey-Bass, 1990), 17-25.

[28] Ghoshal, "Bad Management Theories Are Destroying Good Management Practices," 87.

methods I was using in consulting engagements for the development of creative thinking, change management, leadership and organizational design. These questions primed my receptivity to intentionality and have influenced my taking up the work of this thesis. Above all, change has characterised my working career, along with an abiding interest in cybernetics, as a field of inquiry, to which I will return at the conclusion of this chapter. Now I discuss briefly how this interest developed in a way that anticipated its more satisfactory integration within intentionality analysis.

### *A Cybernetic Orientation*

I graduated as an electrical engineer,[29] specialising in control and communication systems, with a particular interest in cybernetics. At that time, cybernetics was a relatively new field, attempting to provide a synthesis or overarching framework for different specialities—biology, mathematics, physics and systems theory, to name a few—through information theory.

My early work in Australia involved electronic control systems (hardware) in telecommunications, then computer-based systems for factory management. In this latter area, I became more interested in the role and function of creativity in system design. I found work in this area with a computer manufacturer, ICL, in the United Kingdom,[30] in a research program directed to explore how creative problem-solving methods could be used to involve their customer executives in the design of new information systems. However, although we developed new methods and

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[29] B.E. (Elec.), University of Melbourne, 1967

[30] International Computers Limited, a British computer manufacturer.

workshops for ICL's executive customers, the project was brought to an end prematurely, due to economic downturn at the time of the 1973 oil crisis.

I then found an opportunity with a Canadian multinational management consultancy, to work in computer systems design, organizational reviews and, most opportunely, process consulting on a large scale with the Cree Indians of Quebec, to which topic I will return.

After four years in Canada, I was offered a position at the Australian Administrative Staff College at Mt Eliza, in executive education.[31] The college, modelled directly on the Henley Staff College in England, used the syndicate method of group adult learning. It provided a rich environment for experienced, practising managers to consolidate and learn through small and large group processes, with greater emphasis, in its methods, on practical experience rather than on academic theory or research. In later years, Mt Eliza introduced an action-learning methodology, as it sought ways to link individual learning more directly with ongoing practical issues in organizations.

I spent six years at Mt Eliza, learning about learning and acquiring skills in facilitation, group work, strategy and leadership development. I then left to set up my own management consultancy. Some five years later, I discovered the ideas of

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[31] The Administrative Staff College was a private college set up by industry in 1955 for leaders of Australian business and government bodies. It offered a post-experience, three-month, residential program for senior managers from industry and government in the Pacific region. In 1987, it entered into partnership with Monash University, later with Queensland University and finally with the Melbourne Business School of the University of Melbourne, where it is now known as Melbourne Business School: Mt Eliza Executive Education.

Bernard Lonergan through a close reading of *Insight*. I saw the direct relevance of his ideas to my work and I began to import them, with some success, into what I was doing.

I offer this overview of my career to illustrate something of its deeper emergent process of development, learning and growth—a personal account, not unlike what happens to an organization. Acquiring some competence in one area opens up another to explore. One things leads to another. Theory and practice are somewhat interwoven: in some cases, theory helps to open a way forward, in other cases, theory has not yet 'caught up' to explain why something 'works' in practice.

The link between theory and practice became more telling to me after my career move from technical design and installation to a focus on how people and organizations worked. This latter area, in contrast to the more scientifically based technical activities, appeared to lack any well-formulated or established theoretical base. Most of my practical learning was 'on the job', watching and talking with skilled practitioners, reading about current practice and acquiring relevant insights into the methods and models used in organizational consultancies or in educational method. This was particularly so in the area of facilitation of organizational change. Irrespective of the nature or particular concern—such as to develop strategy or policy, to resolve issues, conflicts or disputes, to identify needs, opportunities and risks—the underlying intent of facilitation is to initiate and steer a conversation in which a group might share understandings, reach agreement and engage upon common commitment. Facilitation is about finding an appropriate method of engaging minds to produce desired results. Leadership has been described in similar fashion.

As a facilitator, I discovered a simple principle: that the key to engage minds and to generate productive conversation is the right and timely question. Three observations can be made concerning this principle: Firstly, behind the right and timely question, is the facilitator's insight into the particular situation which the group is facing, including its own dynamics and its readiness to deal with the question. Secondly, behind the group's recognition that the question is 'right', is its own judgment that answering the question will immediately be productive. Thirdly, underpinning the dialogue and the cooperation between facilitator and group, is trust, arising from and sustained by their interaction, but always in danger of being broken due to unspoken judgments and alliances within the group. Facilitation is a heuristic process of sensitively negotiated and sustained collaboration, involving much trial and error in its search for appropriate answers.

***Search for Theory***

In facilitation and in general consultancy and educational work, from the many methods and models or constructs that my colleagues and I used, I could generally find no grounded theory which explained adequately *why* they worked. Although some *seemed* to have a basis in scientific method, the extent to which the applied or supposed scientific method was adequate or appropriate for such models or theories was rarely questioned. [32]

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[32] An exception was an instrument used widely in business schools at the time, namely David Kolb's Learning Style Inventory. We used this instrument at Mt Eliza to increase awareness of personal preferences and dispositions in learning. A spirited controversy initiated by Richard Freedman and Stephen Stumpf about the instrument's value appeared in the Academy of Management journals at that time, but neither did it resolve the issue nor did it seem to affect the confidence with which the instrument was used—and is still being used. Richard Freedman and Stephen

In effect, from a manager's point of view, pragmatism or usefulness seems to be the guiding criterion as to a theory's adequacy. If it appears to work, that is enough. There is no need to be too critical, or to understand *why* it works. Sufficiency consists in *that* it works or is claimed to work. But in any such result or claim, who does one trust and upon what grounds does one trust? There was often the underlying question about the theory's foundational strength or adequacy to the task.

On several assignments, I found myself wondering more deeply as to whether such a foundational structure could be found. Each involved some aspect of creative thinking, problem solving and organizational culture, as well as issues arising from resistance to change. I now turn to examine these situations.

***Creative Thinking, Problem Solving and Organization Culture***

Early in my technical career, when involved in the task of re-designing a malfunctioning computerised system of production-control, I observed dysfunction in the communication between managers contributing more to the systemic problem than did the computerised system itself. The poor quality of interpersonal communications inhibited the emergence of creative ideas needed to solve the systemic problems. The managers were getting in each other's way and were therefore unable to investigate the problems facing them. They recognised the need

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Stumpf, "What Can One Learn from the Learning Styles Inventory," *Academy of Management Journal* 21, no. 2 (1978): 275-282, Richard Freedman and Stephen Stumpf, "Learning Style Theory: Less Than Meets the Eye," *Academy of Management Review* 5, no. 3 (1980): 445-448, David Kolb, "Experiential Learning Theory and the Learning Style Inventory: A Reply to Freedman and Stumpf," *Academy of Management Review* 6, no. 2 (1981): 289-296, Stephen Stumpf and Richard Freedman, "The Learning Style Inventory: Still Less Than Meets the Eye," *Academy of Management Review* 6, no. 2 (1981): 297-299.

for outside help. As a result, it was possible for me to gain acceptance and to introduce some basic ideas needed to correct their malfunctioning system. It involved some organizational changes. The question remained: What was it that inhibited their capacity to solve the systems problem in the first place? In some way, the solution was linked to the quality of communications within the workplace as well as to each person's confidence in performing an assigned role or given task. But there were deeper forces of organizational culture and structure that cried out for consideration.

In another instance, with the computer manufacturer, ICL, I learned much about processes and methods to engender creative thinking, but I was unable to penetrate beyond them into any deeper appreciation of the creative process. Visualisation, use of metaphors, meditation, biofeedback, brainstorming, synectics, and use of 'How to?' questions were some of techniques becoming more widespread.[33] But why did they work—or not work—in different situations? An added dimension that I discovered, at this time, was the Addison-Wesley series on Organization Development, in particular, the ideas of Bennis on organization development, and of Schein, on process-consulting and change-agents.[34] Their focus on method and empowerment engendered client ownership of the problem and of its solutions. There was something more substantial in these approaches to creative thinking than

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[33] Osborne, de Bono, Prince, Gordon and others were writing about creativity techniques, and influenced my approach to this work, as were the ideas of Meredith Belbin on team roles that ICL was adopting in setting up its sales teams. Meredith Belbin, *Management Teams* (Heinemann, 1981).

[34] Warren G. Bennis, *Organisation Development: Its Nature, Origins and Prospects* (Reading, MA: Addison-Wesley, 1969), Edgar H. Schein, *Process Consultation: Its Role in Organisation Development* (Massachusetts: Addison-Wesley, 1969).

in others, such as those of Edward de Bono.[35] Furthermore, although de Bono's methods and exercises were fresh, novel and, for the most part, effective, his attempts to explain creativity on the basis of physiological and neurological processes, seemed somewhat reductionist and irrelevant to the lived experience of creativity.

Further experiences were necessary for me to uncover the deeper foundations for which I was searching. One productive experience occurred some years later when the Australian Commissioner of Taxation was facing a complex problem relating to the tendering of tax advice and rulings by the Australian Taxation Office (ATO) to large corporate taxpayers. Unhappy with a solution offered him by a prestigious, multinational consulting firm, McKinsey and Company, the Commissioner sought alternative advice. McKinseys had proposed a major restructuring of the ATO into three new divisions. The Commissioner regarded this as most inappropriate, given its scope and potential impact on other major systemic changes being implemented at the time. In contrast to the multinational firm, I was a sole operator, but had won the Commissioner's trust through a number of executive facilitation exercises in strategy that I had conducted for him and his senior management team.

There were several factors that contributed to my accepting the invitation from the Commissioner. I felt trusted by him, and as I had had some years' experience helping the ATO in corporate and divisional planning, I knew the organization quite well. I was challenged by the invitation, particularly since I was pitted against this big,

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[35] One of his many texts on creative thinking is: Edward de Bono, *Lateral Thinking for Management* (London: McGraw Hill, 1971).

reputable consultancy firm to find a better solution. And the issue itself was significant. I felt my reputation at risk and I was highly motivated to succeed.

In accepting the assignment, I felt considerable pressure to find an appropriate solution, but I had no immediate ideas as to what to do. I commenced on a wide-ranging data gathering exercise. I made myself familiar with all the background material, travelled to various interstate offices and interviewed key people. Also, I read broadly across the literature on organization design.[36] After several weeks, I was no further advanced with any notion of a solution.

Then, on an interstate flight one morning to attend a meeting with ATO executives, just as breakfast was being served, an inspiration—a possible solution—came suddenly and unexpectedly to me. I put my breakfast aside, quickly ***drew the idea*** on a piece of paper and mulled over what I would do when the plane landed. I decided to change my agenda with the group of senior executives and legal advisors I was to meet and test my idea with them. My idea, supported by my drawing, stood firm against their practical and critical thinking. I knew, then, that I had the basis for a new approach. I flew that same afternoon to another city to present my tentative solution to the Commissioner. When I saw a faint smile on his face during my explanation, I knew he had understood and was in broad agreement. I had found an answer.

I then spent the next month or so elaborating on its details and preparing a presentation to 120 senior executives, together in conference, for their review and

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[36] Including Mintzberg's theoretical analysis of design, Henry Mintzberg, *Structure in Fives: Designing Effective Organizations* (Eaglewood Cliffs: Prentice-Hall, 1983).

testing. My proposal, in contrast to that of the McKinsey consultants, involved only a slight organizational change. Nevertheless, it was a radical innovation—the use of specialist cells, as a way of bringing together all relevant and current expertise wherever it might be found within the ATO. Cells would convene when needed, their aim being to solve the toughest problems and expedite their solutions. They would be accountable to the new Chief Legal Counsel, who would report directly to the Commissioner. Their expertise would be based on their designated members—the brightest and best operators in any division, in any location.

It took some further months for this solution to be accepted,[37] and longer still for it to be implemented.[38] Nevertheless, it still operates in its essential form eighteen years later, as this thesis is being written. The cells provide an effective bridge between experience in the field and the general principles of the law. The stimulus for this solution was my having met, during earlier consulting assignments, one person of exceptional talent who was excluded by his local management from having commensurate influence on the big issues across the Office. By seeking a way to give him—and others like him—a voice, I had found the solution to the Commissioner's problem.

This example of a consultancy assignment demonstrated significant features which need to be present in a dynamic, value-adding process of organizational change. Firstly, the assignment was based on having: a) a well-defined problem, b) the

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[37] Tim Dodd, "Boucher's Next Battle: The Quality of Service," *Financial Review*, 10 July 1990, 3.

[38] Emiliya Mychasuk, "Tax Chief Says Probe on Top 100 Is Over," *The Age*, 17 April 1993, 28.

delegation and trust from an authoritative leader and c), high motivation to solve the problem. Secondly, there were clear stages in how the process unfolded. It commenced with a lengthy exercise of data gathering, taking in wide sources of information, including seemingly unrelated observations. After some time, there was an unexpected breakthrough—a transformative experience of insight (and its representation in a drawing). This was immediately followed by a preliminary testing of the insight's capacity to address the problem at hand. Then followed a more thorough testing and evaluation including its fuller elaboration and presentation to all those with vested interest. With no serious challenge or objection being raised at this stage, the process then moved to formal ratification, from which, after due deliberation, commitment to introduce the required changes followed. This involved a lengthy process of implementation, requiring further significant time for detailed negotiations and planning, before the idea became operational in practice. Once implemented, it was then subject to ongoing refinement.

The clear stages outlined above anticipate what follows in this thesis, namely an account of the foundational structure of intentionality and value-adding within organizational process.

A further instance relevant to my search for the foundations of management theory and practice was when the Cree Indians of Quebec asked the Montreal-based consulting firm, with whom I worked, to help them implement the James Bay Agreement. I was assigned to the team set up to respond. Over the following four years, through techniques of demonstration and reflection, we had imparted to the

Cree leaders a range of processes and process skills, particularly those related to collaborative planning. These methods were well received and very effective.[39]

We used a five-stage process of collaborative planning which enabled the Cree to work through many of their situations in a creative, structured way. The five stages were: 1) The development of practical vision, 2) the identification of barriers impeding this vision, 3) the development of proposals to address the barriers, 4) the formulation of strategies to gather these proposals, and 5) the detailing and costing of action programs. Within each of the first three stages was a further subdivision of task comprising three steps: brainstorming, evaluation of ideas and synthesis or grouping of all the evaluated ideas. Of these three recurring steps, synthesis was the most difficult yet most rewarding. It enabled detail to be seen within a unifying and manageable order.

These methods helped the Cree to implement the James Bay Agreement because it first helped individuals to understand their situation, to identify the needed changes and to commit to them. The methods provided a framework for relevant conversations while imposing a discipline on thinking and relating. One of the 100 participants in one particular exercise we conducted, a five-day collaborative planning conference to plan for a new community, demonstrated for me the personal value of such a method. On the first day, this person appeared lost and dejected. As the conference unfolded, he began to see wider connections between what he felt

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[39] After a lengthy negotiation process, the James Bay Agreement was signed in 1975 by the governments of Canada and Quebec with the Inuit of Northern Quebec and the Cree Indians. The agreement included clear designation of rights to land, to self-determination and governance of their local communities, economic development, education and health.

initially to be a 'hopeless case' and the feasible solutions that they had then found and which he could help implement. On the last day, he was confident, engaged and hopeful. He subsequently took a major role in implementing the change program.

Although these methods worked, I still did not fully understand why they were so effective. What was their theoretical base, and how robust was that base? How rigid was the process meant to be or how loosely could it be applied? What were the underlying principles of the method? Why was one person so clearly affected by them, and others not?

An opportunity to apply this method in a different setting was offered to me at the Queen Victoria Hospital in Montreal, within the Palliative Care Unit. I was asked by the Director of this unit, the first of its kind in Canada, to help him in a crisis. The Unit's nursing staff were threatening to resign *en masse* over unresolved issues of role and structure. We conducted a day's collaborative planning involving about 80 people, using the first three of the five stages above—Vision, Barriers, Proposals—and averted the crisis. The key to the conference's success was the ability of delegates to express their hopes for, and their dissatisfaction with, the Unit. In particular, they were able to discuss openly and frankly the dysfunctional style of the Director and to devise solutions and agree on new ways to proceed.[40] Subsequent meetings were successful in resolving other issues that emerged in implementation. But questions arose for me: Was it the process that produced the solution? Was it the identification

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[40] John Little, "In Search of Collaboration," *The Practising Manager* 2, no. 2 (1982): 10-14. A fuller account of the methods is found in: John Little, "Large Group Processes for Organizational Diagnosis and Planning," in *Australian Organizational Behaviour: Readings*, ed. W. M. Ainsworth and Q. F. Willis (South Melbourne: Macmillan, 1981).

of the problem itself? Was it the fact that people could meet and talk—and, in doing so, generate trust, in spite of clear differences between them? What, then, was really going on?

In helping organizations plan, I used many different methods. One, for example, that I used on many occasions in strategic planning was the matrix structure of Igor Ansoff. I discuss this in more detail in Chapter 7. The matrix is expressed in terms of Environment, Strategy and Capability (E, S, C) against five rates of change that measure the turbulence and unpredictability of events in the environment. Using this structure, executives can quickly grasp the interaction between the three factors and their own roles in developing strategy, building organizational capability and influencing the environment. But Ansoff's model begs questions of direction and value. Its prime focus is to assess the level of environmental turbulence—an impersonal, determining force to which one responded or against which one was pitted, at best, to influence in some way—and align the organization to it. One had to look elsewhere for a starting position, including a direction and an overall and comprehensive orientation of values.

Each of these experiences, associated with the context and management of change, provoked my reflections on the topic for my thesis. I shall call on a number of other such learning-experiences in the course of its unfolding. For the moment, suffice it to say that in each case, we are dealing with the dynamics of communication and control in the organization. Each suggests some aspect of the basic question: What is the solid foundation from which organizations and their leadership can address the flux, uncertainties and creative possibilities of change, and make decisions to act realistically and responsibly?

***An Australian Example***

A Royal Commission of Inquiry, set up by the Victorian Government to investigate the collapse of the merchant bank, Tricontinental, in 1989, came to conclusions, which, though differing from Ghoshal's, are no less relevant to this thesis.[41] These conclusions are closer to those of two of Ghoshal's commentators, Mintzberg and Kanter, and deal with personal and social factors that contributed.[42]

The Commission did not attempt to determine the adequacy or otherwise of organizational or economic theory, as Ghoshal had done, but more in terms of the personal responsibility or character of the bank's directors and senior executives and of the adequacy of its organizational arrangements. The Commission's enquiries went, however, beyond the organization itself to include its parent, the State Bank of Victoria, the State Treasurer, federal regulatory bodies, such as the Reserve Bank, banking legislation, and even the nature of the economy itself. It stopped short of inquiring into the roles of the Victorian State Premier, his Cabinet and government.

Amongst its conclusions, the Commission assessed the significant contribution of people to the collapse: firstly, there was the general inadequacy of the Chief Executive Officer, revealed on many occasions to be a person of intemperate

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[41] Royal Commission Victoria, "First Report of the Royal Commission into the Tricontinental Group of Companies," (Melbourne: Victorian Government, 1992).

[42] I discuss these in the next chapter.

character and one with lack of experience.[43] Secondly, it noted the failure of the board members to ask questions of the right kind at the right time.

In relation to the CEO's culpability, it was ironic that he had earlier been awarded the 'Business Man of the Year' citation by a prestigious Australian business journal. What the Commission regarded as a cause of breakdown, the journal had mistaken for strength. In relation to the second point concerning questions, there were many complexities, mostly of a personal kind, behind Tricontinental's failure. The Chair had a narrow view of his role. Some directors delayed asking questions when doubts arose in their minds. The Board's authority was compromised by the ignorance of some directors of this new environment, and the intimidation of others by those who claimed to understand it. The social and interpersonal dynamics of the Board were cited by the Inquiry as a major issue, whereas the competence or good character of its members was noted.

From this and the earlier examples above, it was clear to me that inquiry and questions played a significant role in management and governance, but I could not see why. Management literature pays scant attention to the role of questioning, or inquiry, as practical skills of managing and governing. Notable exceptions, that we later discuss, include Argyris' double-loop learning, Senge's learning organization

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[43] As the Commission concluded: "All those decisions of Mr. Johns which directly brought about the huge losses suffered by Tricon were made by Mr. Johns in the belief that they were in the best interests of the group. He backed his judgment without consulting others; he made reckless decisions on inadequate information; he put his faith in many apparently successful businessmen who proved unworthy of his confidence; and, when they seemed to be failing him, he was unwilling to admit the possibility of losses. These were the faults of an over-confident gambler, not a criminal."

and Revans' action-learning. Each has identified the value of inquiry, and the potential of focusing on 'the question'. But there is no systematic or comprehensive method within management theory that addresses the central role of questions and inquiry and their linkage to intentionality—and their role in management and governance. Lonergan, as I will show, has much to offer in this regard, since inquiry, the activity of asking questions, and its relationship to personal integrity—both issues relevant to the Commission's conclusions—lie at the heart of his method in his treatment of intentionality.

**Management Literature**

Although as a consultant and practitioner, I struggled with the link between theory and practice, their integral relationship is evident in the history of what has been written about management and organization, particularly over the last 100 years.

Over this time, different themes for consideration have come forward, remained dominant for a time and then receded, to produce a wide collection of management texts for education and training. Though there is evidence of an increasingly critical exploration of this area, there is, as yet, no general consensus, agreed 'text', glossary or definition of terms, or a firmly established set of norms and principles. To that degree, and because of its history, and perhaps because of its nature, management is unlikely to be termed a 'science'. Its status as a 'social science' has been challenged by Ghoshal.

Nonetheless, a vast management literature exists, from which can be discerned five thematic developments that suggest an emergent focus towards 'intentionality'. I discuss these themes below, under the following headings: 1) Scientific Management,

2) The Human Relations Movement, 3) Planning, Strategy and Systems Theory, 4) Organizational Learning and Knowledge Management, 5) Ethics, Values and Virtue.

### *1. Scientific Management*

As industrial processes and mass production took hold in the western world, the achievements in scientific method began to influence management thinking. Frederick Winslow Taylor's, *The Principles of Scientific Management,* published in 1911, shaped the analysis of methods and procedures for many years.[44] Taylor anticipated a revolution in management. He sought to optimise labour performance by a careful matching of the task, whether physical or mental, to the capability of both workers and the tools at their disposal. This was accompanied by a precise appraisal of incentive. For example, in shovelling coal, the physique of the person and the shape of the shovel were specifically analysed to optimise design, while wages and rewards were then matched to performance. Thus, statistical analysis, tabular records of performance, job design and motivation were explicitly considered, singly and together, within the purview of organization and work.

Under this "scientific management", Taylor wrote in 1911, the involvement of the work force was much greater than in the old system. But managers had to assume new responsibilities compared to the past, such as gathering information, keeping records and formulating norms for the best practice in a quasi-scientific manner. A practical, workable approach was to be replaced by an explicit description of the task required; the worker was no longer self-selecting and self-trained, but scientifically

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[44] Frederick Winslow Taylor, *Scientific Management* (New York: Harper and Brothers, 1947).

chosen and trained for the job. Co-operation along scientific lines between workers and managers was a further requirement, with management shouldering its own particular responsibility .

Fifty years later there appeared another seminal text, written by the later Nobel Prize winning author, Herbert Simon.[45] This text explores the implications of computational and problem-solving powers unleashed by computer technology and mathematical techniques. He anticipates the computer taking over or duplicating human cognitional processes and, thus, changing the world.

In addition to his helpful comments about bounded rationality and satisficing[46] in decision making and problem solving, Simon holds out great promise for research into computer simulation of human thinking and sees that this will radically transform the organization and what people do. His confidence in computerised calculation is accompanied by an ideological reduction of the importance of the specifically human contribution, as when he wrote:

> The definition of man's uniqueness has always formed the kernel of his cosmological and ethical systems. With Copernicus and Galileo, he ceased to be the species located at the centre or the universe, attended by sun and stars. With Darwin, he ceased to be the species created and specially endowed by God with soul and reason. With Freud, he ceased to be the species whose behaviour was—potentially—governable by rational mind. As we begin to produce mechanisms which think and learn, he has ceased

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[45] Herbert A. Simon, *The New Science of Management Decision* (New Jersey: Prentice-Hall, 1977).

[46] Satisficing was Simon's term to indicate a superficial solution to a problem—which had short term benefit, but which did not address the underlying cause.

> to be the species uniquely capable of complex, intelligent manipulation of his environment.[47]

From this reductive perspective, Simon cannot define the specificity of the human, nor give any account of human consciousness and the conscious activities of thinking and coming to a decision. For him, the workings of a computer seem more disclosive of human conscious activities than the experience of consciousness itself: "We now know a great deal about what goes on in the human head when a person is exercising judgment or having an intuition, to the point where many of these processes can be simulated on a computer".[48]

Fifteen years later, in the third edition of his book, Simon states that most of what he had assumed had proved correct, now that we have moved from the dawn of the computer era to its morning. His apparent dismissal of the human and the role of human intentionality in the meaning of governance and management is itself in flat contradiction to the main emphasis of this thesis, even if I have no intention of minimising the great benefits to be derived from computers, not as substitutes for human intentionality, but as tools in the performance of the task. It is ironic that Ghoshal cites Simon for the opposite point of view: "As Herbert Simon observed: "Nothing is more fundamental in setting out our research agenda and informing our research methods than our view of the nature of human beings whose behaviour we

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[47] Simon, *The New Science of Management Decision*, 37.

[48] Ibid., 81.

are studying…. It makes a difference to research, but it also makes a difference for the proper design of…. institutions.""[49]

### *2. The Human Relations Movement*

Scientific management tended to regard workers as a productive work-force equipped with the physical attributes necessary for the assigned task. It included the notion of incentive which, in turn, opened up the study of motivation and other human factors in work. The Hawthorne studies, which mark a stage in this movement, were brought into prominence by Elton Mayo in the 1930s. In a celebrated study of motivation, he demonstrated that improvements in group performance were due to the group being observed by those conducting the experiment, and not due to other factors being examined in the study, such as the effect of ambient lighting or the length of time between breaks. The Hawthorne effect has since been used to indicate an unintended contamination of an experiment brought about by the presence of the experimenter. Nevertheless, the study has engendered a more sensitive approach to the way in which groups worked and the importance of group process and solidarity in organizational performance. The human relations movement grew out of these studies and included many different strands. From these different strands, numerous theories and models of management, such as in motivation, team roles and leadership, developed, and influenced the executive curriculum, including that at Mt Eliza during my time there.

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[49] Ghoshal, "Bad Management Theories Are Destroying Good Management Practices," 82. citing Simon, *The New Science of Management Decision*, 293.

Motivation theories, such as those of Maslow, McGregor and Hertzberg, were prominent in management texts in the 1960s and 1970s. Each had their own influence on the overall understanding of organizations at the time, such as in the design of work, roles, career paths and incentive payments.[50] Also prominent, was Belbin's theory of team roles, developed in the 1970s. He identified eight complementary behavioural, problem-solving and decision-making roles that people adopted in their jobs by disposition, habit and preference. Belbin's typology helps individuals recognise their own preferred styles and what they might do to adapt to or redress unbalanced teams where the styles are of one or two dominant kinds. We discuss this model in some detail in Chapter 5. Leadership models also emerged in this period, such as Hersey and Blanchard's Situational Leadership, combining concern for task with concern for people; and Kotter's distinctions between leadership and management on the basis of their distinct responses to change; and Mintzberg's Managerial Roles, which described management work by examining what managers actually did 'on the job'.

Such theoretical and practical models increasingly influenced not only the practice of management, but have become something of the heritage of unchallenged management dogma which influences reflection, self-development, staff selection and job design. In the later part of the human relations movement, more sophisticated tools appeared—based on psychological types, emotional attributes and character traits.

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[50] Maslow developed a hierarchy of needs. McGregor discussed power relations and Hertzberg identified the motivational aspects of job design.

Yet, there is something ironic in these developments of theory and their use in practice. Mintzberg's nine role descriptors of leadership, for example, which he formulated by following a number of Chief Executives around and observing what they did, influenced the design of an ongoing successful leadership development program conducted by the Centre of Creative Leadership—the Looking Glass Simulation Program.[51] However, within the program, the model itself is not 'taught', nor used as a device for self-reflection. It has become 'lost' as other activities assumed prominence, particularly the reflective debrief and feedback from trainers and the participants themselves, concerning the behaviour they each had observed in the simulation.

### *3. Planning, Strategy and Systems Theory*

Another strand of thinking about organization and management, which subsequently emerged, has placed emphasis on the activities, scope and role of planning. This further differentiated into long-term and then, strategic planning which, in turn, led to other emphases, such as strategic management, systems-thinking and futures-thinking.

Theory and practice became highly intertwined as organizations sought to move forward in increasingly challenging and changing environments. Planning, in earlier times, reflected a yearly budget cycle and regarded the organization's environment as if it were fixed. Increasing lead-times for new technologies stretched budget and

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[51] The US Navy commissioned the Centre for Creative Leadership (CCL) to test Mintzberg's theory about leadership behaviour. As a result, CCL designed and conducted the Looking Glass Simulation, and later discovered, unexpectedly, its commercial value as a training program. For the history of this program, see http://www.ccl.org/leadership/pdf/research/UnconventionalWisdom.pdf

planning time-frames beyond a year. This, in turn, brought attention to the roles of forecasting and prediction. Environments were recognised as more unpredictable, especially as understanding grew of the impacts on them of such factors as competitive forces, government policies and international events. Risk management became a significant topic, of its own, in the later part of the 20th century.

Although in Australia, Government bodies and ministerial departments lagged behind the business sector in their planning methods, a shift occurred in the 1970s as they also began to adopt their methods of corporate and long-range planning. This cross-sectoral influence continued through the 90s as the Australian public sector 'environment' became increasingly viewed as a 'market', and citizens became consumers and customers, even in the Victorian Prison system.[52] The market, increasingly a driver of change, has, in turn, given way to 'economic rationalism' in which contestability of government services opens the way for services of public good to be transferred to private enterprise and, there, subjected to competitive forces as a means to improve performance.

Competition theory has also influenced both government and private sector strategy and policy frameworks. Porter's analysis of the five factors governing competitive advantage, as Ghoshal pointed out, proved compelling. An organization becomes a player in a larger system, in which complex interactions occur. Porter's model looks beyond the bounds of any one organization to see it as one player within an industry.

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[52] A good discussion of public sector reform in Australia is found in Colin Clark and David Corbett, eds., *Reforming the Public Sector—Problems and Solutions* (St. Leonards NSW: Allen & Unwin, 1999). Earlier, Corbett provided an overview of the management of the public sector in David Corbett, *Australian Public Sector Management* (St. Leonards, NSW: Allen & Unwin, 1996).

Within an industrial field, competitive forces are in play, and these must enter into any exercise of strategic planning. After some years promoting his industry model, Porter extended his insight further 'outward', into the analysis of nation states and the forces of competition that must be acknowledged by those shaping national agendas and industrial policy.[53]

Scenario planning and futures-thinking have also figured in activities related to management. These are not regarded as predictive techniques, but as methods for extending the minds of those responsible for leading and shaping organizational directions.[54] In this sense, they are powerful tools for building leadership capability, stretching minds and deepening the capacity for judgment. To construct a scenario requires that one immerse oneself in a complex data-gathering exercise. It aims to bring all relevant issues, trends, forces, impacts, policies, environments to the foreground. Then follows the need of searching for and formulating a coherent view by which an understanding of the system one is studying emerges. Ideally, a deeper insight into different worlds of possibility occurs. With such awareness, management can determine probabilities, risks and appropriate strategies that the organization could adopt if evidence emerges that an imagined scenario is becoming a reality.

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[53] Michael Porter, *The Competitive Advantage of Nations* (London: MacMillan, 1990).

[54] A particular method used extensively in Australia was the Search Conference, developed by Australian Fred Emery, where participants invent and explore multiple futures, configured around particular values or selected environmental trends. At Mt. Eliza, we introduced our executive programs using the Search Conference to deepen participants' awareness of the many systemic interactions which are shaping the future. Emery influenced Ackoff who developed idealised planning methods. Ackoff was also influenced by Churchman in a common search for the pragmatic application of philosophy. See :mailto:http://projects.isss.org/C_West_Churchman

### *4. Organizational Learning and Knowledge Management*

Complementary to developments in strategic thinking during the 70s were those related to learning. These have highlighted the dynamic nature of organization itself, and of the processes it needs if it is to adapt creatively and sustainably to its increasingly complex environment. Argyris, Schön and Senge have contributed much valuable insight in this area and inevitably open the close link between individual cognitional and organizational processes. Theory is moving both 'inward' and 'outward'. It is not organizations that learn, but people who make them up, be it on the small scale of a business or on the largest scale of the nation state. Nonetheless, the organization, through its culture and policy framework, must support and encourage individual learning. So, questions arise: What is it to learn? What are the conditions for learning? How does one create and nurture those conditions—within oneself, within one's organization?

Equally, the creation, storage and communication of knowledge has become a vital issue as organizations straddle nations in their global reach. We discuss Nonaka and Takeuchi's contribution to this area in Chapter 4. There will be a growing dependence on information technology if rapid and responsive decision-making is to be possible. From any perspective, knowledge, not competition, is seen as the key to organizational success. Again, the question arises: What is knowledge? What is it 'to know'? If knowledge is 'power', how is it to be shared and what is the link between it and cooperation?[55] How do we best store and communicate knowledge?

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[55] For an exploration of this question see Janine Nahapiet, Lynda Gratton, and Hector O. Rocha, "Knowledge and Relationships: When Cooperation Is the Norm," *European*

Those who govern are most in need of 'knowing' and judging correctly, since they are responsible for directing an organization. One result of this is that the focus is shifting to the social dynamics of boards, their composition and to some extent, the independence of directors. Again, questions arise, such as: What is independence? What are the attributes required of an effective director? How does one establish criteria for good judgment? How do directors access knowledge within the organization that will assist their decision-making?

### *5. Ethics, Values and Virtue*

Recent trends in management writing have shifted to questions of purpose and meaning, such as: What is the role of stakeholders? What is the common good, and what relevance does it have for business? What are the 'right' values that underpin mission and vision? What is virtue and what virtues should one cultivate for business?

Organizational culture and behaviour are defined by value sets. Organizational change strategies seek to invest in value identification and value modification, prior to behavioural change. Again, movement 'inwards' to the person is evident. Ahner, for example, sees virtue and values within an emerging, and more holistic, paradigm of interconnectedness, typified by new understandings of business as a deeply human activity—groups sharing common values, individuals acting with virtue (or value or excellence embodied in action), and free enterprise being committed to the

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*Management Review*, no. 2 (2005). The authors acknowledge "Ghoshal for his inspiration, insights and encouragement to research cooperation."

goal of general human prosperity.[56] Solomon, in his exploration of virtues relevant to management and business, reaches back beyond the practical injunctions of Machiavelli, the speculations of medieval theologians and the disciplines of the Stoics, to situate his reasoning within the tradition of Aristotle.[57] Virtue has been around for a long time, but is given lip service in management studies.

Again, questions arise about whose value is implicated in an organization's value set, and how to determine it and its relationship to organizational purpose and governance. As we will discuss later, an holistic, systems view of organization, such as that developed in the cybernetic literature, needs to incorporate answers to such questions for it to be truly a new and effective paradigm. In this sense, we are proposing that our approach to intentionality analysis offers a new paradigm that takes 'value' as its prime key. From this, several considerations derive: of virtue—and of vice; of group commitment and cooperative endeavour; and of organizational mission crafted around agreed notions of value and of value-adding.

## 4. GENERAL THEORETICAL FRAMEWORKS

Such questions about knowing, about purpose, about right and wrong, and about value, are not new, nor have answers to them been lacking. The point I am making is that their saliency in contemporary management discourse requires some

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[56] Gene Ahner, *Business Ethics: Making a Life, Not Just a Living* (Maryknoll: Orbis Books, 2007), 30-33.

[57] Robert Solomon, *A Better Way to Think About Business—How Personal Integrity Leads to Corporate Success* (New York: Oxford University Press, 1999).

foundational view upon which good answers can be given. Furthermore, there is increasingly an awareness of a connection between one and all: what applies to one person applies to the organization, what is critical for an organization also applies in a social, national and global context. There is need for a robust, scientific view that integrates these perspectives. Yet the prevailing scientific view separates subject and object: this is evident in the ways in which some theorists on creativity and systems behaviour look to factors outside of human consciousness for their seminal insights.

Each strand of management thinking, such as those identified above, and every practical model, system or paradigm can exert its own form of tyranny, as one must 'enter' it fully to use and appraise it. It can become a way of 'seeing the world'. In moving beyond it, when one discovers another, there is a danger of losing the best of what the first model has to offer. Forgotten, put aside, superseded, it then becomes a topic of mere curiosity. Together in the library, however, a collection of such texts reflects rich and productive thinking about organization and management. But what value are they in terms of a 'curriculum'? How might one extract the essence of each or determine relative merits? If one alternatively 'leap-frogged' into some contemporary view, what might that view be and how might one shape it? Is there an appropriate meta-view or foundation from which one might take up the study of management?

Within all these theories lies some implicit notion of value being sought through processes of efficient value-adding within a world of change. Productivity, outcome, survival and sustainability, engagement, focus, direction, effectiveness: such terms indicate what is implicitly at stake in thinking about organization. Human work is the final source of value-adding, however powerful the tools used to amplify natural human powers, whether physical or mental. Although 'work' may evoke images of muscular labour, it is clear that its foundation lies within human consciousness, and

is shaped by personal, conscious intentionality. A worker asleep does not add value. A worker awake may not add value. A worker intending to add value may add value, depending on the quality of the intention and of the skills deployed. All work originates within persons and ultimately within their consciously directed activities.[58] Innovation and machinery together can amplify, to unprecedented degrees, any base contribution. Thus a computer programmer who designs a word processing application contributes to the value-adding of a vast population of typists who use the program. New generations draw on the value-adding contributions of those who preceded them in vast, linked, heuristic and emergent chains.

"Work" is a term which covers all that a person contributes to an organization—in fact, the organization is based on that very contribution. Furthermore, an organization functions to the extent that people cooperate in their consciously directed activities. It follows that a look at consciousness with its intentional correlates and products may provide an integrating perspective on work, value-adding and organization itself, including the place and role of the individual within it. It may also extend our notion of work beyond what is measurable and definable and highlight some unique value-adding properties.

All professional literature, however, has a history and is set in a context, philosophical and otherwise, that is not always evident, but which deeply affects the kind of theory in question. For example, theories can be foundational, general or special. Burrell and Morgan's organising template, which I discuss in the next

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[58] The author has explored this connection between work and thinking in John Little, "Mindfulness at Work: A Five Rooms Model for Thinking About Thinking," *Mt Eliza Business Review* Winter / Spring, no. Winter / Spring (2000).

chapter, could be viewed as foundational. On the other hand, a general systems theory, such as cybernetics, was envisaged to provide a general frame for all systems and to be interdisciplinary:

> The cybernetician has a well-specified, though gigantic, field of interest. His object of study is a system, either constructed, or so abstracted from a physical assembly, that it exhibits interaction between the parts, whereby one controls the other, unclouded by the physical character of the parts themselves. He manipulates and modifies his systems often using mathematical techniques, but, because in practical affairs, cybernetics is most usefully applied to a very large system, he may also build mechanical artefacts to model them. Simply because the particulars are irrelevant, he can legitimately examine such diverse assemblies as genes in a chromosome, the contents of books in a library (with respect to information storage), ideas in brains, government and computing machines (with respect to learning processes).[59]

Cybernetics as a discipline emerged in the late 1940s as an interdisciplinary study of control and communications, which Pask reduced to the way things organise themselves.[60] Self-organization within any system, whether it be of a plant, a brain, an economy, a body, the level of chemicals in the blood, a population of bees or of people, the voltage and frequency of electric power mains, implies some notion of end-state, ideal state, or stable state to which the system aimed to function and which was integral to it. Pask does not include "person" within his schema.

It is one thing to understand things from a cybernetic and empirical viewpoint, such as how a bird manages to coordinate its wings and body to sweep so gracefully on its prey, or a factory its flow of product, or a neuronal circuit its place in the regulation

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[59] Gordon Pask, *An Approach to Cybernetics* (London: Hutchinson and Co. Ltd, 1961), 15-16.

[60] Ibid., 11.

of body temperature. It is another to understand one's self and one's own thinking and interaction with others in an organization or a community. For the bird, the factory or the neuronal circuit, there are many models and much empirical data. But, the exploration of one's self, the phenomenon of human consciousness, its activity and creativity requires another kind of method. This will involve at least the study of one's own agency in its own conscious activity. It will demand something radically different from other methods, such as those taken by De Bono in his explanations of creativity, which appealed only to physiological models of brain function. There he assigned no agency to 'mind', but claimed rather that "the mind does not organize information but provides an environment for incoming information to organize itself into patterns".[61]

The strangely dehumanising consequences of such a position as de Bono's on those involved in the governance of organizations have not been noticed, even when highly technical models have been developed. Stafford Beer applied cybernetic thinking to management and organization issues in the 1960s. Drawing inspiration from biological models, he proposed radically new, but somewhat complex, solutions to issues of organizational design and information flows within them. In the *Brain of the Firm*, avoiding the mathematical language of cybernetic modelling, he uses analogies from the human nervous system—the autonomic control systems in particular—to advance a new way of thinking about organizations.[62] Remarkably, despite the technical achievement of the book, the index in the *Brain of the Firm*

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[61] Bono, *Lateral Thinking for Management*, 15.

[62] Stafford Beer, *Brain of the Firm—the Managerial Cybernetics of Organisation* (London: Allen Lane Penguin Press, 1972).

contains no reference to consciousness, creativity, innovation, person, mind or thinking. It is as though all these attributes are assumed or, at best, reduced in some way to physiological processes. The presumption seems to be that on that level alone the governing principles of an organization are to be found.[63]

### *Consciousness Provides the Gateway to Integration*

In this thesis, without diminishing the value and work of Beer and others, I propose a higher level of organization and integration. It is based in human consciousness itself. I note, first of all, the central role of questioning in change and development. The notion of questioning, as used here, includes the kinds of questions which can be asked, the types of answers they may lead to, the dynamic involved in questioning and in being questioned, the effects of the neglected question, the power of the critical question, the unasked and the unanswered question, and so on. Here I argue that questions are not only the drivers of organizational change, but also the instigators of personal development in any sphere of life and action. They are the base and origin of intentional consciousness.

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[63] Beer, however, plays on the edge of these matters by not entering into a full examination of intentionality. Although he discusses intentionality in the citation below, he does not regard it as a structure in the way Lonergan did. Yet there are many parallels to his cybernetic formulations. He has a holistic, fractal notion that we also have identified in the structure of organization as replicating the structure of the human mind. Regarding change as emergent and probabilistic, he nevertheless holds that there are underlying principles at work that can be modelled. He laments the culpable ignorance in the community of systems thinking (particularly of self-organizing systems) and calls for, within the academic scene, a "cybernetic insight into epistemology, with its emphasis on the role of models, and a mastery of cybernetic technique in respect of systemic consequence". In this reference, Beer seems to regard epistemology as a concept that can be formulated as a cybernetic model. Our model of intentionality, IAM, is cybernetic (self regulatory) as well as delineating an epistemology, as we shall develop in our subsequent chapters. See ——, "The Culpabliss Error," *Systems Practice* 10, no. 4 (1996).

Secondly, a consciousness-based approach recognises the integral relationship between power and trust in any collaborative effort. Cooperation between human agents provides the source of organizational power and amplifies the competence of the individual. Our method examines what is happening in conscious activity in the relationship between cooperation and trust.

A third aspect of recognising the fundamental and foundational importance of human consciousness is its capacity to accommodate multiple viewpoints. These may be secular, religious, professional or lay, all potentially included in a model applicable to any organization and at any time or place.

The elaboration of such a model in which the operations of human consciousness are primary will tend to have radical and positive consequences. For example, the role of intelligence, exploration and planning will be recognised for the organization's development over time, as it adapts to changing conditions with refined awareness and responsibility. Moreover, the honest and ethical responsibility of the person is not something that is lost in the corporation, but rather the very model of the organization at every level. When human consciousness is the key, the formation of teams and the maintenance of their optimal performance is more easily secured and reviewed. Likewise, in communicating with stakeholders, the leadership of the organization need not speak in an esoteric code, but communicate in terms accessible to all concerned—namely the data of the situation, the questions that arise, the probabilities of judgments, the discernment of value and the underpinning commitment to the good of all. All participants in the organization thus share the same learning base, with enhanced possibilities of communicating across the whole spectrum of corporate responsibilities. Consequently, the exercise of leadership is more clearly understood, for it works by inviting the organization to attend to the data (especially what is being overlooked), to allow for the full range of questions

and interpretations (even the most uncomfortable), to seek shared understanding amongst those concerned, to weigh the evidence available (even if it goes against expectations), to evaluate the options and then commit to responsible decision.

Here, we are simply foreshadowing the advantages flowing from having a model of governance based, not on physical forces, chemical reactions or electronic circuitry, but on the experience and activity of the conscious human being that each of us is.

## 5. ORGANIZATION OF THE THESIS

In this introductory chapter, I have raised issues concerning theory and practice in management and organization. Ghoshal has drawn attention to the neglect of a full account of the human person in management theory and the need to include intentionality to restore balance and synthesis. I have taken this notion forward and propose that intentionality offers fresh perspectives in management and organization theory. I have reflected upon my own experience in management consulting and education and how my practice has been strengthened by my discovery of intentionality analysis presented in this thesis. I have indicated how developments within management literature are moving towards intentionality as a dominant theme. I concluded with a consideration of general frameworks for management theory, including that of cybernetics, from which to approach our foundational account of intentionality.

In Chapter 2, I examine two approaches within social science theory to illustrate its pluralist tendencies and how intentionality analysis offers a way to retrieve this situation. I locate the broad direction of my thesis within the context of human living, in its knowing and doing, and then turn to Lonergan's exploration of knowing in

*Insight* and doing in *Method in Theology*. In his study of "knowing", Lonergan brings the human knower, as subject knowing an object, to the fore. This raises the issue of studying oneself, as subject and object, and by implication, one's own consciousness and the methods one deploys within it for adding value. In his study of "doing", Lonergan developed a schema of value-adding, which I apply to organization theory. In working with executive groups, I have developed methods to facilitate their understanding of this material. I discuss the place of such methods as an accompaniment to the elaboration of the structure taken up in the next four chapters.

In Chapter 3, I explore four levels of conscious intentionality drawing on experiential exercises on the nature of insight in understanding, judging and deciding as the basis of value-adding within consciousness.

In Chapter 4, I examine the structure of intentionality as a set of skills and the distinction, in practice, of core and minder skills. Other notions follow: the human good and the authentic subject; conversion, enlargement of horizon, self-appropriation; and their obverse—inattention, oversight, premature judgment, rationalisation, and the subject as neglected or truncated.

In Chapter 5, I examine the nature of communication and cooperation. Trust and the corresponding "minding" of group and team performance are identified as value-adding, integral outcomes of our structure, acting in collaborative operation. I examine some tools used in management practice, such as those of Belbin, Janis and Kegan, and some consequences of these notions in relation to conflict resolution and dialectic method within organizations.

In Chapter 6, I assemble the various components, developed so far and, with particular attention given to decision-making, I discuss the nature of organization as an operational, dynamic system of eight value-adding stages in the delivery of

valued goods and services. The central role of inquiry, the nature of stakeholder good and the role of trust are drawn together to present an integral structure of intentionality. Delegation and accountability follow.

Thus, over four chapters, I develop the ground upon which I build the structure of organization and governance, illustrating points along the way from selected management writers and my own experience.

I then turn, in Chapter 7, to discuss how this structure addresses the challenges, which Ghoshal identified: in intentionality, epistemology and method. I also conclude with a further discussion of selected management topics on learning and strategy, arguing that the structure serves a foundational role in management theory. I discuss the learning theories of Revans, Argyris, Kolb and Senge and the ideas of strategy of Ansoff, Mintzberg, Lewis and Jaques.

In Chapter 8, I review some implications of the structure for executive education, with emphasis on personal development appropriate for leadership and governance. I examine some current pedagogical ideas in this area, including those of Moldoveanu and Martin, of Scharmer and of Roca, each of whom also has responded to issues that Ghoshal raised in his paper, and I conclude with a summary of my argument, a general reflection and an outlook for the future.

# CHAPTER 2: LONERGAN'S INTENTIONALITY ANALYSIS IN CONTEXT

In the first chapter, I laid out the context within which intentionality might be explored. Firstly, we discussed Ghoshal's concern about its neglect in the teaching and practice of business. Secondly, in support of Ghoshal, I reflected on my own work as a practising consultant, but also presented examples where intentionality suggested an integration. Thirdly, we overviewed the management literature noticing thematic developments amidst multiple paradigms and the tensions these create. In this chapter, I take this context further to introduce Lonergan's intentionality analysis and its application to the theory and practice of organization and its governance.

Ghoshal had both theory and practice in mind when he maintained that bad theories being taught in business schools infected minds and attitudes there and in the world of business. His critique led him to question the methods of social science, in particular, their exclusion of intentionality. Several replied to his paper in a later edition of the Academy's journal: [1] Mintzberg, while agreeing with Ghoshal's main points of argument, contended that Enron and other corporate collapses could be

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[1] Henry Mintzberg, "How Inspiring. How Sad. Comment on Sumantra Ghoshal's Paper," *Academy of Management Learning and Education* 4, no. 1 (2005), Rosbeth Moss Kanter, "What Theories Do Audiences Want? Exploring the Demand Side," *Academy of Management Learning and Education* 4, no. 1 (2005), Lex Donaldson, "For Positive Management Theories While Retaining Science: Reply to Ghoshal," *Academy of Management Learning and Education* 4, no. 1 (2005), Reginald Shareef, "Want Better Business Theories? Maybe Karl Popper Has the Answer.," *Academy of Management Learning and Education* 6, no. 2 (2007).

explained more simply, by greed; Kanter offered a larger viewpoint, suggesting that Ghoshal's focus had been too restrictive—society itself contributed to corporate behaviour with its mores, culture and ways; Donaldson supported Ghoshal's view of Positive Management Theories but argued against moving away from a scientific approach; and Shareef, in a later edition of the journal, argued for a science-based approach that adopts, in particular, Popper's more "revolutionary method of falsification".

No commentator, then or subsequently, has picked up on Ghoshal's point about intentionality—either its role in ethics or in its potential to integrate. Yet, each response had its particular merit. Ghoshal and his respondents exemplify the pluralist views and dialectic tensions that characterise the field. There is no explicit method for dealing with these conflictual assessments, nor arriving at what might be termed an holistic point of view.

The deeper epistemological structures informing the respective views of the protagonists remain "out of sight" and unexamined. Yet, this is precisely the import of Ghoshal's contention about wrong management theory, namely, that beneath one's theorising lies an unstated, epistemological assumption. He himself did not offer any specific remedy, nor did he think it could be found through an analysis of intentionality. Though he referred back to a notion of "imaginative common sense", it is unclear how he would assess the epistemologies that inform the views of Kanter, Mintzberg and others who responded to his paper.

The matters he raised, however, concerning the inclusion of intentionality and an adequate treatment of the human person within management theory, remain open. Before I address the question of intentionality and its place in this thesis, it is appropriate, first, to investigate further the connection between theory and practice,

which Ghoshal implicitly raised and which his respondents overlooked, discounted or challenged in part. Accordingly, I will present the material of this chapter under the following main headings:

1. A Social Science Perspective
2. Lonergan's Approach to Intentionality
3. Generalized Empirical Method: a Way Forward

## 1. A SOCIAL SCIENCE PERSPECTIVE

In general, social sciences treat of methods, categories and explanatory viewpoints that support Ghoshal's inclusion of epistemological issues in his concern about management theory. Bateson, for example, identified the role of epistemological underpinnings of theory. For him, the researcher is "bound within a net of epistemological and ontological premises that—regardless of ultimate truth or falsity—becomes partially self-validating".[2] This "net" works as a paradigm, that is, as an interpretive framework, a "basic set of beliefs that guides action". The notion of "partially self-validating" raises a concern similar to that of Ghoshal, who also acknowledged the self-fulfilling nature of some management theories. The question, therefore, arises: Does self-fulfilment justify a belief or a theory? If so, how does one validate the theory?

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[2] Norman K. Denzin and Yvonna S. Lincoln, eds., *Handbook of Qualitative Research*, Second ed. (Thousand Oaks: Sage, 2000).

The relationship between epistemologies, philosophies and theories has been extensively developed by Burrell and Morgan in their discussion of social science research.[3] They identified four dominant paradigms operating within social science, with slight variations within each dominant group. The four paradigms are represented in Figure 2.1 below. This, an avowedly pluralist view, contains a framework that suggests an overall synthesis. These researchers appear to equate a paradigm with an implicit epistemology.

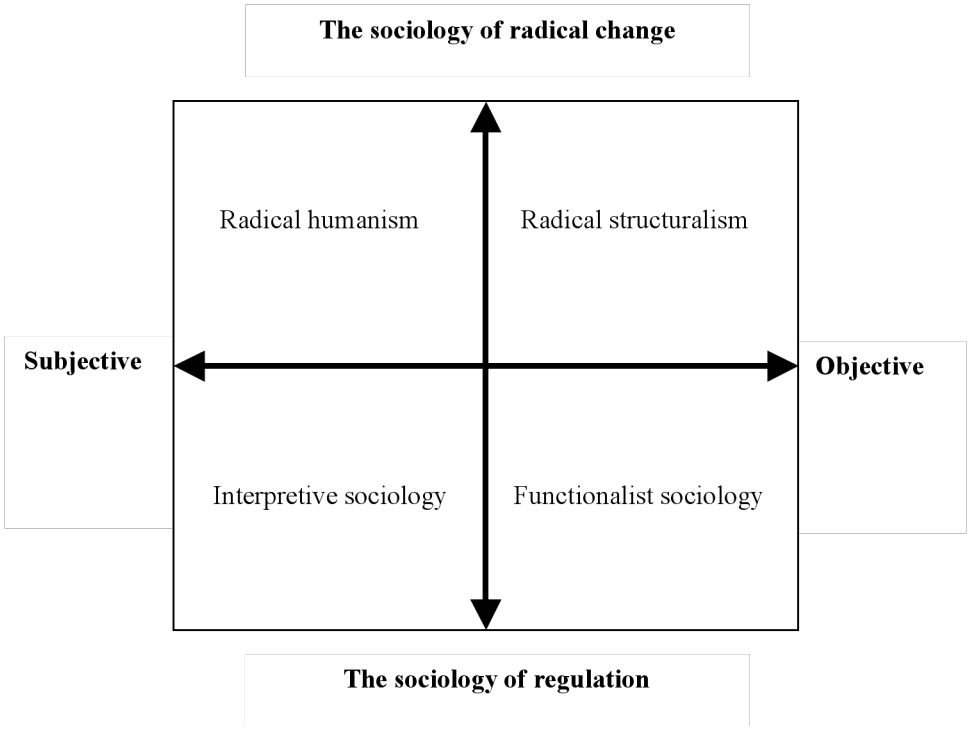


**Figure 2.1: Burrell and Morgan's Paradigms of Social Science**

[3] Burrell and Morgan, *Sociological Paradigms and Organisational Analysis*.

Each dominant paradigm is defined by its position between two orthogonal axes representing the main orientations or focus of social science. The vertical axis represents a range of notions about social reality. At one end, there is sociology of regulation; at the other, there is social understanding of radical change and chaos. The horizontal axis distinguishes between the polar opposites of the subjective and the objective. In this interpretative grid, four quadrants emerge defining the four dominant paradigms, specified as radical humanism, interpretive sociology, radical structuralism and functionalist sociology.

Within this frame, Burrell and Morgan, having noted the influences of different philosophies and epistemologies, proceed to plot management theories. In developing this framework, however, Burrell and Morgan do not, in fact, reveal the basis of their own interpretative framework and its underlying epistemology or philosophical influence. Consequently, they do not avert to the fact that their way of framing the situation is actually a theory designed to offer an explanatory account of the inter-relationship of differing sociological theories and constructs. Moreover, if, for example, they propose that their frame 'fits' into the Functionalist box, how do they address the claim that the paradigm located in this quadrant is more "foundational", or more comprehensively explanatory, than the paradigmatic approaches located in the other quadrants of their frame?

Nonetheless, what these authors do attempt is to explore the value of each paradigm on its own terms. What they propose is that all research will operate out of one of the paradigms and, on the basis of its own assumptions, will inevitably suffer the restrictions inherent in its particular parameters. They avoid offering a critique of

any of the paradigms they have specified, for they have no expressed 'position' from which to adjudicate on the respective value of such differing approaches.[4] The situation is further complicated in that, within each of the four dominant paradigms, sub-groupings emerge. For example, they point out that the earlier theories of Silverman fell predominantly into the Action Frame[5] (that lies within the functionalist, close to the boundary with the interpretive paradigm). However, in the course of his development, he moved more to a phenomenological base within the interpretive paradigm. But, later again, he found himself more closely linked to "the hermeneutic approach to critical theory within the radical humanist paradigm".[6]

Burrell and Morgan refer to earlier attempts at theoretical synthesis.[7] For example, they refer to Angyal's definition of system, in 1941, as "a logical genus suitable to the treatment of wholes"; and also to von Bertalanffy's subsequent notion of open systems. These authors attempt to cross disciplines by examining interactions and discovering principles of organization that underlie all such systems. Angyl's ideal was a "unity of science, based upon isomorphy (sic) of laws in different fields". Von

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[4] Albert Mills discussed these matters with Morgan in an interview published online in 2001. Morgan indicates his personal preference for the radical humanist approach and Burrell's for the radical functionalist. Morgan admits that the paradigm is a way of organising sets of unstated and unexamined assumptions. "We tried to explore and expose assumptions on the premise that good social scientists must come to grips with the fact that they do make these assumptions. …… So the idea was that if we could make an epistemological critique of organization theory, we might widen the epistemological basis of organization theory to open up the different paradigms we were identifying". Albert Mills, "Gareth Morgan: Sociological Paradigms and Organizational Analysis," http://aurora.icaap.org/archive/morgan/html.

[5] Burrell and Morgan, *Sociological Paradigms and Organisational Analysis*, 195-201.

[6] Ibid., 270.

[7] Ibid., 58.

Bertalanffy added a further refinement by introducing the notion of environment into his open system: change was effected in the system through a process of interaction with its particular environment. Although steady states may be realised, equilibrium is not a necessary condition. Open systems are open, that is, unpredictable developments can occur. Burrell and Morgan go on to refer to developments in open systems theory. They mention, for instance, the Tavistock Institute's work on socio-technical systems theory, and, in particular, the work of Rice, and the later contributions of Emery and Trist.[8]

As we will explain below, human intentionality can be basically understood as an open system in its relationship with its environment. Though Burrell and Morgan acknowledged as much, they did not develop it.

Donaldson, one of the authors cited by Ghoshal, endorses a development of open systems theory, namely structural contingency theory, yet he laments the proliferation of new paradigms.[9] He draws attention, in particular, to the proliferation around the notion of power and power elites, from which "three new paradigms arose in the United States in the seventies which all shared elements of the political view—resource dependency theory, institutional theory and population-ecology theory". His concern for this proliferation lay in the fact that their

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[8] In the later part of his interview with Mills, Morgan states where this synthesis might lie: "I think that everyone is always looking for some sort of synthesis, and I guess that the paradigms will be negated by future theories that may actually transcend that subject-object relationship. It was our judgment that no one has ever done that." Mills, "Gareth Morgan: Sociological Paradigms and Organizational Analysis." It appears that Morgan has not read Lonergan.

[9] Donaldson, *American Anti-Management Theories of Organisation: A Critique of Paradigm Proliferation*.

proponents had distanced themselves from earlier theories, especially that of structural contingency theory. He writes:

> The approach is not the eclectic or synthesizing or integrative one of building upon an earlier model and showing how the new model explains more variance in organizational structure or in other dependent variables. The underlying process is not integrative rather it is dialectical, being the postulation of opposites. Hence each of the three newer organizational theories potentially constitutes a paradigm revolution. The old structural contingency theory with its supposedly erroneous adaptive functionalist base-assumption is to be swept away and replaced by a more adequate political model of the organization struggling to wrest resources from its environment. [10]

Continuing his critique of what appeared to him as ill-considered rupture in the organic development of a useful paradigm, he goes on to say,

> Paradigm revolution becomes a major impediment to serious integration of thought—unless one paradigm completely triumphs over the other, that is, the paradigm revolution is successful.

Consequently, he argues for a recovery and further development of structural contingency theory, as against the power-based types of paradigm.

> Since the paradigms contain dramatically opposed theoretical statements, there can be no integration of the diverse theories as they stand. The foregoing critical review has indicated certain strengths and weaknesses of each. It would hardly be desirable to retain all of the weaker elements of each theory; it would be desirable to draw selectively on each theory to build the synthesis. Moreover, because of the empirical validity of structural contingency theory, such a synthesis would draw heavily on that theory. Structural contingency theory would be the base onto which elements of the other theories would be added.[11]

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[10] Ibid., 17-18.

[11] Ibid., 202.

Donaldson returns, ten years later, to this notion in his response to Ghoshal's paper.[12] He again laments the poor "take-up" of his integrative approach through systems theory. Though largely supportive of Ghoshal, he does not comment on the foundational importance of intentionality, as Ghoshal had proposed.

Ghoshal had alluded to the relevance of the epistemological base within management theory and practice, through his questions related to human knowing. A similar issue arose out of my own work as a facilitator, consultant and educator in the area of change management. I too often found myself wondering about the rigour and fundamental validity and foundational base of the theories, models and constructs that I was employing. The management literature, on the other hand, has tended to expand and proliferate with new theories, but without any sense of integration or coherence. Though discussion of knowledge and cognition emerged as a consideration, nevertheless it continues to beg the question of knowledge per se. I could find no satisfactory resolution of these matters in Burrell and Morgan[13] nor in subsequent developments, such as those outlined by Donaldson. Burrell and Morgan point out the significant influence, on their paradigms, of German philosophers, such as Kant and Hegel, and later, of Weber and Husserl. Such philosophical currents of thought are pervasively at work in the substratum of management theory. Each of

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[12] _____, "For Positive Management Theories While Retaining Science: Reply to Ghoshal," 109-113.

[13] Morgan comments later on the issue of paradigms: "The really important distinctions between the paradigms are the ontological ones in terms of whether reality is subjectively constructed or whether it is more objective, real, and independent of the observer or the actor in social life." Mills, "Gareth Morgan: Sociological Paradigms and Organizational Analysis." Lonergan's analysis does not force one into this "either.., or" position.

these notable thinkers was attempting, in the best tradition of philosophy from Aristotle on, to come to a correct understanding of the realities concerned.

Post-modern approaches, with the resultant fragmentation of philosophical discourse, fail to offer any resolution, theoretically or practically, of the questions that need to be faced. Morgan, in his later writings where he explored the role of metaphor and imagery for organizational constructs, had moved to a post-modern critique of the objectivity of knowledge in favour of a more subjective, conversational, dialogical and interactive mediation of meaning:

> We need more dynamic modes of understanding that show how knowledge results from some kind of implicit or explicit "conversation", "dialogue", "engagement," or interaction between the interests of people and the world in which they live. Instead of seeing knowledge as an objective, known "thing", we need to see it as a capacity and potential that can be developed in the "knower".[14]

Morgan clearly senses that knowledge is a more participative and engaged process, compared to the detached inspection of data and the making of objective judgments without taking into account any activity of the knower. But this raises a further question, beyond the possibility and validity of knowledge as such. How are knowing, deciding and acting linked? Because management is primarily focused on "action that adds value", the connection between knowing and doing emerges as a vital consideration for the understanding and application of management theory.

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[14] Gareth Morgan, *Imaginization* (Thousand Oaks: Sage, 1993), 279.

## 2. LONERGAN'S APPROACH TO INTENTIONALITY

The questions that arise from this context lead into a consideration of intentionality as Lonergan has analysed it. I begin by referring to Miller's response to one of Lonergan's major works, *Insight.* In the words of this philosopher,

> One could argue, in fact, that *Insight* is the great, culminating text of modernity, in so far as it addresses the same fundamental issues that exercised Descartes, Hume, Kant, and Hegel, and attempts to resolve dilemmas generated by their inadequate responses to them.[15]

Suffice it to say, at this point, that Lonergan's work is monumental as "a study of human understanding", to cite its subtitle. Through his prolonged effort to articulate the process of coming to know and the meaning of understanding itself, this Canadian Jesuit contributed a compelling analysis of intentionality, thereby making a major contribution to epistemology. In my own field of cybernetics and management, Lonergan's treatment of intentionality casts fresh light on practical management issues. His work became an essential point of reference in matters related to problem solving, creative thinking, strategy formulation, facilitation, leadership, judgment and decision-making. His intentionality analysis proved its integrative power, and so suggested a way to recover what Ghoshal lamented had been dropped from management research and theory.

From his intentionality analysis, Lonergan develops comprehensive theories of the roots of social progress and decline. Granted this vast scope, it will be best to introduce his thought by treating what is most fundamental of all, namely, human

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[15] Jerome Miller, "A Reply to Michael Maxwell," *Method* 12, no. 1 (1994): 110.

living, and then proceed to tease out its relevance to the topics of organization and governance. Lonergan's writings are based in conscious experience. Indeed, they are an invitation to his readers to verify for themselves, and in themselves, the terms and activities he discusses in relation to how we know and how we act. The verification of his analysis can occur only by attending to one's own activities related to experiencing, questioning, reflecting and deciding. The data are found in one's own conscious experience. This is not, as Burrell and Morgan might suspect, a shift to subjectivistic solipsism,[16] but is a method of relating objectivity to subjectivity in a more thoroughgoing fashion: genuine objectivity can result only from deploying the full resources of subjectivity, while subjectivity is always self-transcending in regard to the data, its meaning, truth, and the responsibility demanded by the situation. A refined correlation of subject and object has been neglected in the literature we have referred to.

Lonergan's approach raises fundamental questions for the ways in which executive managers think, act and conduct the business of governance. Although raising questions on this philosophical level must, at first glance, appear irrelevant to the daily concerns of management, I hope to show in the course of this thesis that there is a significant and central place for Lonergan's approach. We will argue that it arises at the core of one's intentional engagement with the realities of organization and its governance, and that it is verifiable in the conduct of the practising manager and in the government of the organization in question. The more we are critically aware of

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[16] Burrell and Morgan, *Sociological Paradigms and Organisational Analysis*. "on the extreme pole of the subject".

coming to know, of what we know and how we arrive at valid knowing, the more our "doing" has a secure base.

We turn, therefore, to a more specific presentation of what can be learned from Lonergan's approach. This is covered in four sections: A) Human Living, B) Connections between Knowing and Doing, C) The Power of Wonder and Inquiry, and D) Questions as the Starting Point.

### A. Human Living

Our first remark is the most general. It concerns human living itself. The way we live is characterised by knowing and doing. In the writing of this thesis, for example, I am 'doing' something; but that can proceed only from the effort to know what I am writing about and to commend it as worthwhile knowledge for those who are in charge of organizations and bear the responsibility for their governance.

Typical questions arise. When we claim to know something, are we talking merely about an idea or a hypothesis to be considered? In other words, how do I know it is true, and truly indicative of the reality with which I am concerned? Those involved in practical management are often tempted to think that 'common sense' is enough, or that these matters are so obvious or so elusive that any further investigation is pointless.

Admittedly, the formal consideration of these and related questions has traditionally occupied the philosopher rather than the busy manager. Nonetheless, the small philosophical detour I am about to make is justifiable in that it has immense,

practical importance that, I trust, will become more evident at this presentation unfolds.[17] And so, with professional and practical concerns in mind, let us examine more in depth the relationship between knowing and doing and the process that links them.

First of all, knowing and doing are basically personal activities, common to all. Knowing and doing are linked in such a way that each kind of activity influences the other, and both change over time. Notably, each depends on the social context as, for example, one person may depend on another and also call on the experience of a larger community of expertise in the realm of theory or practice. Both knowing and doing seek and produce outcomes. What is known and what is done influence what we might describe, in the broadest terms, as progress, or conversely, as decline, either of society and culture as a whole, or of any organization, in particular. If the control of an organization is to be effective, any basic model of learning and practice must show some critical awareness of what is involved in coming to know, in deciding to act on such knowledge, and in the implementation of the decision that has been made.

Figure 2.2, below, represents the two terms of knowing and doing. They are linked in a circular motion that can extend visually outwards in a spiral to represent growth and progressive achievement; or inwards, as overall performance contracts and

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[17] Philosophy and management have recently come together in a newly established journal, Philosophy of Management, which "offers an independent, refereed forum for philosophers, theorists and management practitioners to apply philosophical scrutiny to management theory and practice." See http://www.managementphilosophers.com/About Reason in Practice.htm

"falters". Both are expressions of consciousness, of thinking, or, more precisely, of intentional consciousness. They also reflect a process unfolding in time.

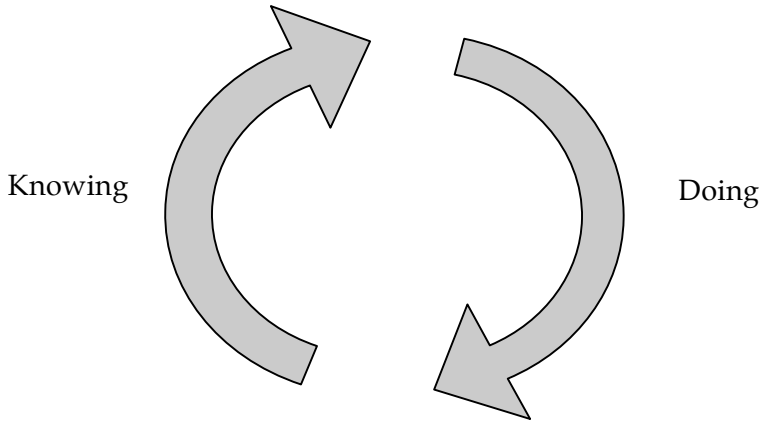


**Figure 2.2: Knowing and Doing**

Both these terms, knowing and doing, have broad and generic connotations that have the effect of blurring their reciprocal relationship. While distinguishing these activities is necessary, separating them in practice is inevitably harmful. A manager, for instance, is unwise to turn the office into a study when there is practical work to be done. On the other hand, even the most energetic commitment to the work in hand, if divorced from any consideration of new data and the questions they prompt, would be acting irresponsibly—and with disastrous results. In ordinary conversation, 'knowing', for example, is commonly associated with thinking, learning, conducting research, developing hypotheses, predicting, calculating and modelling. All this suggests mental work and the intense study that may be required. 'Doing', on the other hand, has connotations of action—organising, moving about, delegating, addressing the tasks in hand, and processing materials. It is a matter of performing, making, doing well or badly, and changing things for better or worse. Knowing is largely intent on interpreting the world, while doing is intent on changing it, and moving it forward to some goal.

To take an illustration from science, physics may be more concerned with 'knowing', but it requires sophisticated 'doing' in the making of its instruments and conducting experiments. Academics are engaged in 'knowing', but professional engineers are concerned with 'doing', using the scientific knowledge of their academic colleagues for the sake of making things for future use. Organizations and governments are not universities, but engaged in the business of getting things done. If the management concerned is committed to 'doing', it will draw on various theories and models—on occasions, as Ghoshal points out, even those of doubtful validity offered by 'experts'—to guide or justify the imperative of 'doing'. With this problem in mind, recent theories, such as Senge's Learning Organization, attempt to recover a more integrated notion of 'knowing', or learning, within an organization's 'doing'.[18]

The 'common sense' that Ghoshal referred to, has a primary connotation of knowledge for practical action in a particular circumstance. For him, it is an experiential form of knowing, distinct from scientific theory, such as that of physics. As in physics, likewise in common sense, there is no 'doing' without some kind of 'knowing', and no 'knowing' without some kind of 'doing'. It remains to unpack what each term signifies, the relationship between the two, and the ways in which common sense differs from theory. Here, we will indicate how these questions occur within human experience, and in the context of collaboration with others.

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[18] Peter Senge, *The Fifth Discipline: The Art & Practice of the Learning Organization* (Sydney: Random House Australia, 1992).

## B. Connections between Knowing and Doing

Knowing and doing, as illustrated in figure 2.2, have a relationship with each other. I will now add three more terms.

First, at the completion of 'knowing', and prior to the 'doing', there is a principle of personal freedom, that we call 'deciding'. Deciding marks the point in time when deliberation ceases and action, upheld by personal commitment and responsibility, commences.

Secondly, deciding intends an outcome from the doing, which we designate at the end of the arrow in Figure 2.3, below, and call 'the good'. Aristotle recognises 'the good' in the first two sentences of his *Nicomachean Ethics:*

> It is thought that every activity, artistic or scientific, in fact every deliberate action or pursuit, has for its object the attainment of some good. We may therefore assent to the view which has been expressed that 'the good' is 'that at which all things aim'.[19]

Thirdly, prior to the 'knowing', we insert the word 'ground' (or 'world'), as that which gives rise to our knowing and upon which the 'doing' intends to deliver its concrete objective, namely, 'the good to be achieved'. This is represented in figure 2.3 where the 'good to be achieved' and the 'ground' merge. Adding 'good' to the world makes things 'better'. In this respect, deciding is about creating a 'better world' in the future: it inserts some aspect of the 'good' into the 'ground'.

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[19] Aristotle, *The Nichomachean Ethics*, trans. J. A. K. Thomson (Harmondsworth: Penguin, 1958; reprint, 1958), 25.

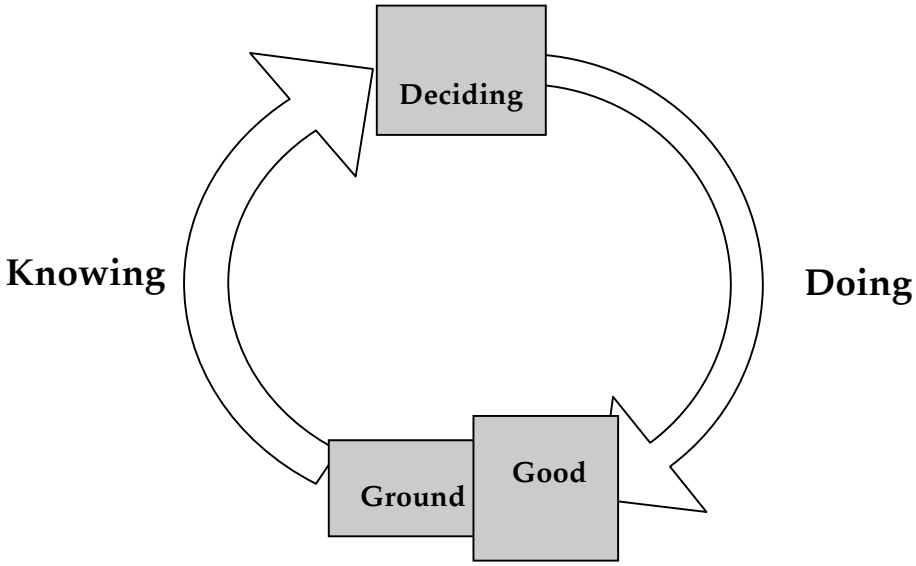


**Figure 2.3: Knowing, Deciding and Doing**

Again, these terms require further unpacking. The 'world' or 'ground', from the view of science, is the universe of matter and life in which human agents participate. It is the whole of the 'given' in our experience, the field in which we move and act, as on a stage. Scientific method is a theoretic exploration of the given world. Yet it assumes the critical importance of empirical data, that is, all that is received by our sensory organs directly or through instruments that extend their powers. An example of the latter would be the use of equipment to detect ultrasound and electromagnetic frequencies outside the visual spectrum, or of robots to gather materials on distant planets, to analyse their chemical composition and to transmit this information back to Earth. Scientific method is 'grounded' by empirical data, however it is collected.

### C. The Power of Wonder and Inquiry

Thirdly, our general structure has a place for a sixth basic term, 'inquiry', a factor that provides its dynamic character. We will show later how inquiry is the base and origin of intentionality and, as such, orients and drives our knowing and doing.

Figure 2.4, below, represents 'inquiry' at the centre of the model. It can be likened to a hub or axis upon which the wheel of knowing and deciding turns.

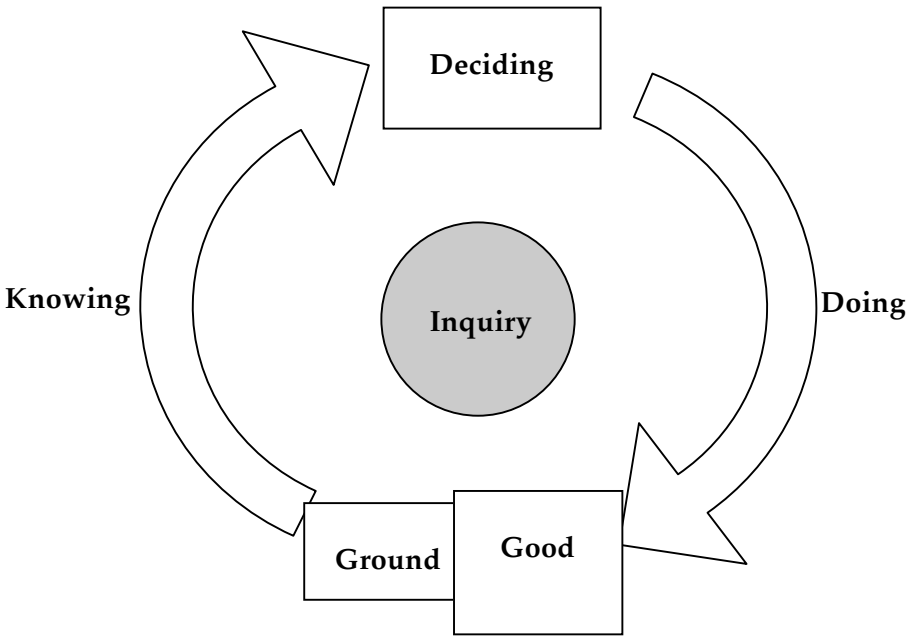


**Figure 2.4: Inquiry as Driver in Knowing and Doing**

At the root of inquiry is the wonder that arises in consciousness in response to what is given. It provides our primary orientation to the world and, through the questions it inspires, opens a way to exploring what is as yet unknown and undetermined. In this regard, wonder invites the mind to move into the limitless totality of all that is, namely, what we usually designate as the universe.

There is nothing that can lie beyond the range of wonder, either the sheer fact of being or the threat of nothingness. Wonder is essentially open. It engaged the Greeks, Hebrews and Romans in their different interests as they made their respective contributions to western culture through classic texts of mathematical, philosophical, scientific, spiritual, legal and practical significance. Aristotle began his *Metaphysics* by

writing, "All men by their very nature feel the urge to know".[20] He went on to observe, "Philosophy arose then (in its earlier days), as it arises still, from wonder".[21]

As a subjective state in relation to something that presents itself in experience, wonder will normally give rise to questions. "I wonder what this is", may lead to the question "Why is this?", or "How can I find out more about this?"

Questions, because they seek answers, are, by nature, intentional. Answers, in their turn, lead to more questions, and then to more answers. All this constitutes the basis of our knowing and doing. Answers may become more accurate with the passage of time and experiment, as methods develop and are perfected. Science, in particular, presents evidence of development, refinement and specialisation in answering questions over the past four hundred years. The practical results of scientific discoveries have also developed to such an extent that earlier boundaries for human living are being extended, and new challenges for ethics and policy are emerging at the highest levels of government and organization.

### D. Questions as the Starting Point

From an organizational point of view, certain questions are essential and powerful, such as: What are we doing? Why are we doing it? How are we doing it? Can we do it better? Questions, such as these, can release fresh energy, direct new thinking, generate ideas, stimulate discussion, mobilise resources and engender collaboration.

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[20] ———, *Metaphysics*, ed. Loeb Classical Library, trans. U. Tredinnick, vol. 17 (Cambridge Ma: Harvard University Press, 1933). Book 1, Chapter 1, (Bekker 980 a22).

[21] ibid 982 b12 –13.

Questions underpin an organization's ability to deliver high quality goods and services and to stay in business. From this perspective, inquiry—the innate human capacity for asking questions—is the key to vital, successful and well-functioning organizations. Not only is inquiry the most important resource for organizational health and sustainability, it is also the most freely available, being distributed across the entire organization, at every level and function, in the persons who occupy its roles and perform its tasks. It is also the primary resource of all stakeholders. This, strangely, is a matter largely overlooked within management literature. Still, it is an essential resource, however neglected or even misused.

Inquiry, as we have said, gives shape to intentionality. We will present this as a set of highly coordinated mental powers pertaining to the structure of knowing, doing, communication and control. This structure, a renewed concept of organization itself, serves as a template for all management theories. In the light of Ghoshal's lament over the neglect of intentionality, I hope to show how, with inquiry at its core, the intentionality of organization and governance can be recovered, with significant consequences for business schools and teachers of management.

As organizations are concerned primarily about achieving practical results, it is of the utmost relevance to examine more closely what an organization might do to activate and nurture this "inner spring" of wonder and the questioning power to which it gives rise, as well as to the knowing and doing that result. The more we can grasp what is involved in the experience of wonder, the more we will discover some insight into how fresh ways of managing our knowing and doing can be devised.

In figure 2.5, representing inquiry as the hub of a wheel, we add eight "spokes" connecting it to its rim. These signify different kinds of questions we can ask and

represent eight stages of value-adding that inquiry opens up in all our knowing and doing.

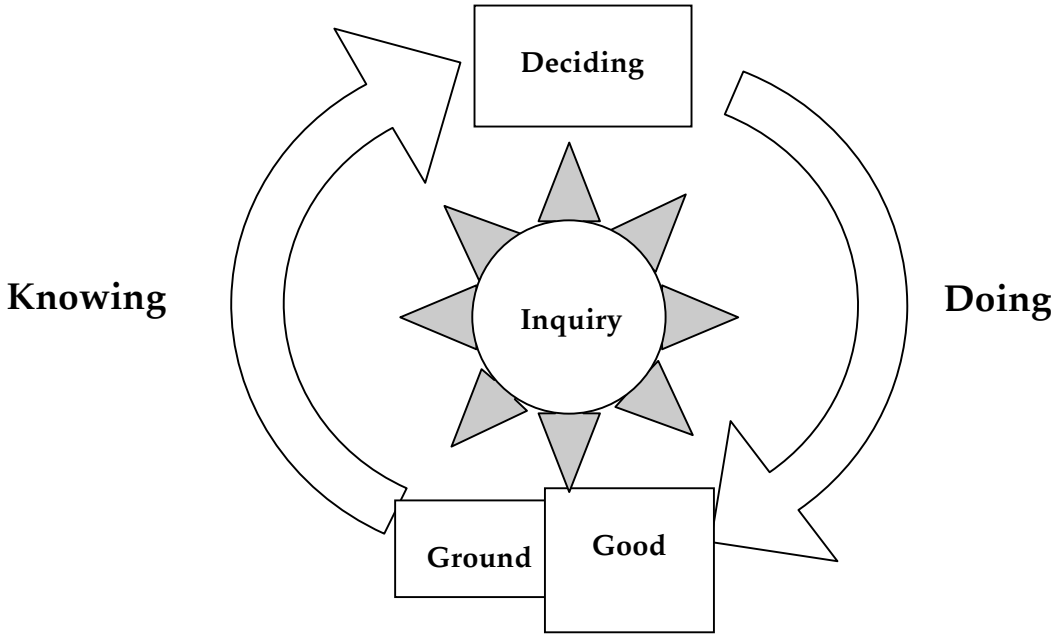


**Figure 2.5: Value-adding Stages in Knowing and Doing**

The diagram now represents, in broad schematic form, the structure of intentionality and control proposed in this thesis. It depicts a basic distinction that is important for subsequent discussion, between the empirical realm of experience, as represented by 'ground', and all that lies beyond it in the structure and dynamics of human consciousness, namely, in inquiry, knowing, deciding, doing and the good.

In the chapters to come, we will develop several features of this structure. We will show, firstly, that it is of foundational significance, in that it can be personally verified and, to that degree, has the capacity to be appreciated as 'self-evident'. Secondly, it operates by way of integrating knowing and doing at differing scales: of the micro, in relation to the individual human being; of the medium, with respect to organizational process; and of the macro, in relation to human history. Thirdly, it

suggests a set of skills that are normative for thinking, doing and value-adding. Fourthly, it represents a structure of communication that will ensure trust and collaboration. Fifthly, it offers new perspectives for the treatment of such topics as leadership, decision-making, strategy, delegation, change-management and for the resolution of conflict.

If it can be successfully argued that the structure represented in Figure 2.5 is of basic importance, then, by using it to direct and check the knowing, deciding and doing involved in any project, it is clear that we possess within ourselves and our collaboration with others, what we might term, a cybernetic foundation.

This brings me now to introduce and then discuss in some detail Lonergan's account of generalized empirical method. I will be focusing on the key role of inquiry.

## 3. GENERALIZED EMPIRICAL METHOD—A WAY FORWARD

In our investigation of the structure of intentionality, the turn to human consciousness for relevant data may appear to go beyond the boundaries of conventional methods used within social science and applied to the field of management. This perception is valid—it is the cause of Ghoshal's lament—for I approach my topic, not with a scientific method as is commonly understood, but with, what Lonergan called in *Insight*, a "generalized empirical method", as mentioned previously.

*Insight* was primarily a methodical exercise of self-analysis, even while supported by his investigation of what scientists, mathematicians and practical people were doing in their respective kinds of knowing. In this regard, *Insight* was also a challenge for its readers to examine themselves in their own acts of knowing as they were reading

his text, and, by doing so, to validate his claims in their own experience. In this, they would not be accepting the authoritative answers of others, but would be occupying the place where they were each the authority, namely in the working of their own intentional consciousness in its honesty and responsibility. But the project of going 'inwards' to discover the foundations of self was not to be an end in itself, but as the basis for turning outwards again, into one's human activities. The act of understanding is common to all knowing and provides a key to its synthesis. Here Lonergan outlines the grounds for a correct epistemology:

> The beginning, then, not only is self-knowledge and self-appropriation but also a criterion of the real. If to convince oneself that knowing is understanding, one ascertains that knowing mathematics is understanding and knowing science is understanding and the knowledge of common sense is understanding, one ends up not only with a detailed account of understanding but also with a plan of what there is to be known. The many sciences lose their isolation from one another; the chasm between science and common sense is bridged; the structure of the universe proportionate to man's intellect is revealed;…[22]

In the last sentence above, Lonergan indicates a universe that is unlimited, for it includes answers to the unlimited number of questions we might ask. It takes him, therefore, from the epistemological foundation in self-knowing, to knowing physics, mathematics and common sense, and then metaphysics.

> …. and as that revealed structure provides an object for a metaphysics, so the initial self-criticism provides a method for explaining how metaphysical and antimetaphysical affirmations arise, for selecting those that are correct, and for eliminating those that patently spring from a lack of accurate self-knowledge. …[23]

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[22] Lonergan, *Insight*, 23.

[23] Ibid.

Lonergan postulates the possibility of "correct" metaphysical affirmations, and that those that are not, derive from a lack of correct self-knowledge. He goes further than metaphysics, into practical living. He raises the possibility of ethics, based on the same critical self-realism.

> …. Further, as a metaphysics is derived from the known structure of one's knowing, so an ethics results from knowledge of the compound structure of one's knowing and doing; and as the metaphysics, so too the ethics prolongs the initial self-criticism into an explanation of the origin of all ethical positions and into a criterion for passing judgment on each of them. ….[24]

We will take up this notion briefly in later chapters in our discussion of 'the good' as it relates to decision-making. But as questions are the key to his structure, he takes up the demands of being open. This takes him to the question of the possibility of transcendent knowledge, and against that possibility, how we are to give an account of our experience of evil.

> …. Nor is this all. Still further questions press upon one. They might be ignored if knowing were not understanding or if understanding were compatible with the obscurantism that arbitrarily brushes questions aside. But knowing is understanding and understanding is incompatible with the obscurantism that arbitrarily brushes questions aside. The issue of transcendent knowledge has to be faced. Can man know more than the intelligibility immanent in the world of possible experience? If he can, how can he conceive it? If he can conceive it, how can he affirm it? If he can affirm it, how can he reconcile that affirmation with the evil that tortures too many human bodies, darkens too many human minds, hardens too many human hearts?[25]

The grand scope of *Insight,* indicated by the last quote above from the Introduction, goes well beyond the boundaries of this thesis. Nevertheless, it contains a relevant

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[24] Ibid.

[25] Ibid.

question about good and evil. As we started with Ghoshal's considerations in the light of corporate collapse—an evil of some proportion—it is sufficient here to indicate that, in our discussion in later chapters of *Insight* concerning 'the good', there is always the possibility of oversight and the absence of 'the good' in decision-making. If 'the good' is intended in decision, would it not follow that 'a good' suppressed or overlooked in a decision would result in some form of evil or diminishment? Lonergan's affirmation of self-knowledge becomes the key to good decision-making and to achieving good results. For an organization, this applies at every level and position, but has particular importance for its overall direction and governance.

*Insight* is an invitation to its readers to understand understanding. It stopped short of examining this as a collaborative enterprise, such as in theology. Lonergan addressed this later, in *Method in Theology*, where he distinguished eight functional specialities. These were based on the distinctions made in regard to the components of human knowing and responsibility (or 'doing'). This differentiated "framework for collaborative creativity"[26] provides a general template to develop my account of organization as a conscious and cooperative enterprise of 'knowing and doing'.

## 4. A TURN TO THE SUBJECT

Despite the conceptual and schematic clarity of Lonergan's model of knowing, doing and collaboration, there is an initial strangeness in the claim that what he proposes is

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[26] ———, *Method in Theology*, xi.

verifiable. It must be admitted that his claim, in this respect, can be appreciated only by each one of us undertaking a careful, personal scrutiny of our own conscious acts of 'knowing and doing'. Such a 'turn to the subject', such an introspection of one's own consciousness, may well seem bewildering, difficult, and even unscientific (even though scientists themselves would not readily admit that they had never attended to data, or asked questions, or pondered the evidence, or made responsible decisions!). Such a procedure appears to belong to a mysterious other realm, divorced from the tasks in hand.

Still, a few comments are in order. This study of consciousness may appear to be problematic for several reasons. Firstly, as consciousness is exclusive to a person, it can only be examined immediately, or at first hand, so to speak, by that person. All other examinations are necessarily mediated by others—educators, instructors, consultants and the like. Secondly, the words or images used to draw attention to consciousness, its different levels and activities, can never be separated from the phenomenon of consciousness itself. The language and metaphors employed derive largely from others, and are already loaded with all kinds of historical and cultural connotations.[27] Further, consciousness involves 'subject' and 'objects' in continual flux.[28]

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[27] Images, words, consciousness, culture and transcendence are discussed at length in relation to postmodern notions of the other and of the subject in Fred Lawrence, "Fragility of Consciousness: Lonergan and the Postmodern Concern for the Others," *Theological Studies* 54 (1993).

[28] Objects and objectivity are often portrayed, erroneously as we will contend, as "out there", subject and subjectivity, as "in here".

The difficulties, then, are apparent, for consciousness lies outside the domain open to study by our normal use of scientific method or empirical investigation. If, however, the data of consciousness are to be registered and explored through intentionality analysis, this depends exclusively on each one's direct experience and ability to name the phenomena involved, using an adequate vocabulary. Therein lies danger of subjective distortion, bias, ambiguity and imprecision. And worse, from the customary scientific point of view, it would imply some kind of detachment from the so-called 'objective and real world out there'. Yet scientists who study consciousness can do no more than locate and examine its neurological or molecular correlates. They can do this, however, only with the cooperation of a person, as conscious subject, prepared to give an account of his or her conscious awareness. In this sense, the scientist depends on an accurate and honest report of conscious subjects, accurately naming and interpreting their immediate experience.

Many of the social sciences, used in management theory and observing the canons of scientific method, avoid a consideration of the phenomenon of consciousness. On the other hand, researchers may rely on individual accounts of behaviour, attitudes and opinions, such as may be provided by the techniques of questionnaire, interview or observation. Moreover, the investigators concerned also take for granted the good functioning of their own conscious operations, upon which they depend, but rarely examine. To the degree scientific method rules out any direct investigation of conscious phenomena, it excludes any satisfactory account of the conscious intentionality of personal agents. As we noted earlier, Ghoshal, drawing on analysis of empirical methods within the physical and human sciences, postulated that the neglect of methods for exploring human intentionality has had disastrous consequences for contemporary management theory. In our accustomed use of empirical methods, we tend to discount the allegedly 'subjective' world of conscious

data. We are trained, scientifically, to look 'out there', but not 'in here' to the world of intentionality. Ghoshal sums up the situation,

> Management theories at present are overwhelmingly causal or functional in their modes of explanation. Ethics, or morality, however, are mental phenomena. As a result, they have had to be excluded from our theory, and from the practices that such theories have shaped. In other words, a precondition for making business studies a science as well as a consequence of the resulting belief in determinism has been the explicit denial of any role of moral or ethical considerations in the practice of management.[29]

Lonergan, in taking up the study of intentionality, gently reverses this selective focus on scientific method, by seeing it as part of a more general method. In outlining 'the canons of empirical method', he explains:

> We have followed the common view that empirical science is concerned with sensibly verifiable laws and expectations. If it is true that the same method could be applied to the data of consciousness, then respect for ordinary usage would require that a method, which only in its essentials is the same, be named a generalized empirical method.[30]

If we follow Lonergan's cue and adopt the essential pattern of empirical science, or generalized empirical method, as he suggests it be named, we are in a position to undertake our own thought-experiment in regard to the data of consciousness. It would demand the following moves: Firstly, one must identify the relevant data and seek patterns or categories with which to organise it. Secondly, we must seek insight into this data and its patterns in order to develop a coherent explanatory account of it, namely an hypothesis. Thirdly, we must test whether this account or hypothesis

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[29] Ghoshal, "Bad Management Theories Are Destroying Good Management Practices," 79.

[30] Lonergan, *Insight*, 96.

can fully explain the data. Fourthly, we must revise our account if it is not fully explanatory, but accept it if it is, by assenting to it as the way to genuine knowledge. Fifthly, we must use the knowledge to advance other dimensions of knowledge, scientific or scholarly, to face up to any problems that arise in a given discipline.

Nevertheless, in the conduct of such a thought-experiment, we may nevertheless be puzzled by what the term 'data' means in this context. A preliminary attempt to catalogue the data of consciousness may well produce a list of 'experiences'. These we might distinguish and name as memories, dreams, images, feelings, sensations, questions, and so forth. In each of these items of experience, an added component is introduced by the very fact of naming it. Thus, our consciousness of a memory, in its raw form, is modified when we isolate and name it as 'a memory'. But there are other data present, along with the content of a particular 'memory'. There is a self-consciousness or awareness, that is, the presence of 'I' who is remembering and reacting to it. Such aspects of data are not immediately accessible to another person, but remain exclusively one's own experience. Furthermore, a single memory may expand as we ponder over its place in our lives. It may provoke a host of feelings, thoughts and associations of satisfaction or regret, and so influence any subsequent course of action.

This open-ended expansion of the original 'data' may complicate any attempt to control and analyse it. But here, we experience ourselves at another level again, as one seeking control—perhaps, even questioning whether or not to abandon the task—as would be the case in therapeutic counselling, journal-keeping and the like.

An examination of consciousness is inherently elusive. But the elusive dynamics of consciousness do not rule out any controlled investigation of the phenomenon. After all, we cannot pull a motor apart when it is running nor examine our own eye when

it is looking. The more we try to nail consciousness down by looking at it directly, the less it allows examination. As Lonergan observed, this paradox can be resolved quite simply, for our consciousness as an activity of mind is heightened when we attend, not to self, but to objects. It is a matter of catching ourselves in action: "The data of consciousness consist of ***acts*** of seeing, hearing, tasting, smelling, touching, perceiving, imagining, inquiring, understanding, formulating, reflecting, judging and so forth".[31]

In view of this difficulty and to help managers acquire personal familiarity with generalized empirical method, a colleague, Dr T. Daly, and I designed and ran a series of two-day executive workshops. Through a number of experiential exercises, group discussions and reflections on managerial work, participants could discover the structure of consciousness operating within themselves. In this sense, we were introducing the participants, not to Lonergan's writings, but to themselves as the primary reference point. In fact, we listed their names at the beginning of our workbook as the 'textbooks', as it were, for the workshop in which they were involved.[32] These exercises were aimed at demonstrating the intrinsic value of the structure of consciousness and intentionality for leadership and management.

In our treatment of the four levels of conscious intentionality in Chapter 3, we will refer to these experiential exercises, to illustrate the immediacy and practicality by

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[31] Ibid., 299.

[32] The workbook sets out the timetable, the exercises used, together with appropriate readings. The original workshops were for one day, but subsequently lengthened to two days, with a follow-up meeting two months later to review what had been learned and applied. The number of participants was limited to 12.

which the range of cognitional operations that occur across these four levels can be identified, and related to each other, within the one consciousness. The key to our understanding Lonergan's analysis lies in our ability to experience each cognitional operation he identifies and to relate it to the other operations. In his terms, 'experience' is an activity, or cognitional operation, corresponding to the operation of 'being attentive'.

The experience of the activity introduces what we call the 'double-take' in the exercises. On the one hand, there is the activity itself; and, on the other hand, there is the requirement to attend to one's activity. In this way, in addition to having its own object, a cognitional activity becomes, itself, an object, when the subject attends to it. As the pattern of cognitional operations becomes objectified, it can be appropriated, and assimilated into the conduct of one's life and work. Thus, we become more self-aware—and self-critical performers of the task in hand.

I will be drawing on the material of these workshops and the experience that came out of them. We will examine, in Chapter 3, what is implied in the activities of 'knowing' and 'deciding', so as to clearly establish the basic terms. I will then move on, in Chapter 4, to discuss the coordinated skills to be deployed within the structure of intentionality. Then, in Chapter 5, with a focus on human relationships, questions of trust, communication and cooperation in governance are considered. After this, we will be in a position to offer, in Chapter 6, a more general account of the structure of organization and governance from the perspective of the method of intentionality analysis, or IAM.

Having articulated the intentional structure of organization and governance (that we call IAMO), we will be in a position, in Chapter 7, to show its relevance to the issues Ghoshal identified and to a selected range of topics, within the management

literature, on learning and strategy. Finally, in Chapter 8, I present some conclusions and implications for management education. In short, I will be presenting a practical application of intentionality analysis to the specific area of management.

# CHAPTER 3: THE DYNAMICS OF HUMAN CONSCIOUSNESS

In the previous chapter, we began an analysis of human intentionality in relation to the perspectives of the social sciences and their bearing on the issues of management. This present chapter examines more closely the structure and dynamics of consciousness, for such a consideration necessarily underpins all activities related to management and governance generally.

The point of this inevitably philosophical and introspective presentation is to highlight the essential humanity of those in charge of organizations, a humanity which they share with all those they deal with, whether these people work within the organization, provide resources or services to it, or receive what it has to offer. As Ghoshal had raised intentionality in the context of individual and corporate ethics, our treatment of intentionality inevitably heads in the same direction, as we lay out in this chapter, this ethical foundation within the human person. Consequently, this chapter will focus on the practical considerations of intentionality within the individual leader or manager. The following two chapters look more closely at practical considerations of governance and leadership, Chapter 4 dealing with particular skills and capabilities and Chapter 5, with the relevance of trust and cooperation.

These chapters then converge in the examination of the structure of organization and governance in Chapter 6. Chapter 7 considers, in detail, how our expansive treatment of intentionality rises to Ghoshal's challenge. We conclude our discussion in Chapter 8, with a proposal of what is required for executive and managerial development.

At no stage, in all the skills, attitudes and activities we are considering in the complex sphere of governance and management, can the structures and imperatives embedded in human consciousness be ignored. To do so, would result in profound distortions in the conduct of governance, to say nothing of a general confusion in the business of management. We proceed, therefore, to tackle this fundamental issue in light of Lonergan's analysis, in the hope of bringing both clarity and new energies to the particular professional areas of our concern.

I will present the material of this chapter under the following six headings:

1. The Four Levels of Consciousness
2. The Creativity of the Question
3. The Power and Fertility of Insight
4. Judgment as Reflective Insight
5. Decision as Practical Insight
6. Summary

## 1. THE FOUR LEVELS OF CONSCIOUSNESS

The structure of knowing is expounded in *Insight*. It presents the features of knowing common to all knowers in all times and places. Lonergan's account is explicitly transcultural and aims to uncover what is normative with its careful treatment of the basic terms and activities involved in every cognitive activity. This is not to say that it cannot be further developed on both the theoretical and practical level.

Lonergan employs his distinctive term, "insight", in the title of his book that purports to be "a study of human understanding". In the preface to *Insight,* he states the aim of his work: it is "to convey an insight into insight". More generally, it aims to provide a knowledge of knowledge in all the contexts in which it operates, whether these be scientific, philosophical or practical. In so doing, Lonergan uncovers the bases of the defective epistemologies that work to distort our efforts to know reality. Moreover, he discerns, in knowledge, the necessary condition for progress in the wide domain of history. At the same time, he finds the basis of decline in any area can be attributed to a flight from insight, that is, from the norms inherent in our conscious lives.[1] Despite the extensive conceptual and analytical material contained in this project, Lonergan makes clear in the Introduction that the validity of his far-reaching claims can be verified only in the personal, intellectual experience of each one, as he or she grapples with the challenge of coming to know:

> . . it is essential that the notion of insight, of the accumulation of insights, of higher viewpoints, and of their heuristic significance and implications not only should be grasped clearly and distinctly but also, insofar as possible, should be identified in one's own personal intellectual experience…[2]

Lonergan goes on to establish the importance of identifying, within one's own personal, intellectual experience, the key notions he employs. It means becoming aware of the successive levels of consciousness involved in the process of knowing. To this end and in the course of this chapter, I will make reference to experiential

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[1] Lonergan, *Insight*, 3-6.

[2] Ibid., 14.

activities designed to create a learning environment for executives who, in their different ways, face the problems of knowing in their professional conduct.

Lonergan examines knowing as an activity with special reference to science, mathematics and practical common sense, and challenges his readers to find within their own conscious experience the cognitive structures and dynamics to which he repeatedly refers. This conscious experience is dipolar. When people are engaged in the effort to know, obviously, with greater or less success, they come to know something, that is, the *object of their knowing*. But, in the process, they are not only conscious of themselves as *knowing* this or that, but they are also conscious of themselves as *knowers*. They may now have a heightened awareness of themselves, as creative agents, whose consciousness has been enriched and extended in the whole process of coming to know something. In other words, they are consciously aware both of knowing something and of themselves as knowing subjects.

The four levels referred to in the title of this section are related to the way Lonergan distinguishes four components in cognitive activity—experiencing, understanding, judging and deciding. These are represented in Figure 3.1 below.

He relates each component to one of the four 'levels' of consciousness that he describes, and he establishes knowledge as the compound product of the first three—experiencing, understanding and judging.[3] This compound of experiencing, understanding and judging is present in all forms of knowledge, whether it be in the

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[3] Daly refers to the first three levels as learning-levels, on the basis that learning is more familiar way of describing "coming to know". Tom Daly, "Learning-Levels," in *Australian Lonergan Workshop*, ed. William F. Danaher (Lanham: University Press of America, 1993), 233-248.

research of scientists, in the refined calculations of mathematicians, or in the practical common sense of managers in the governance of their organizations. It is also found in the technical and operational knowing within an organization.

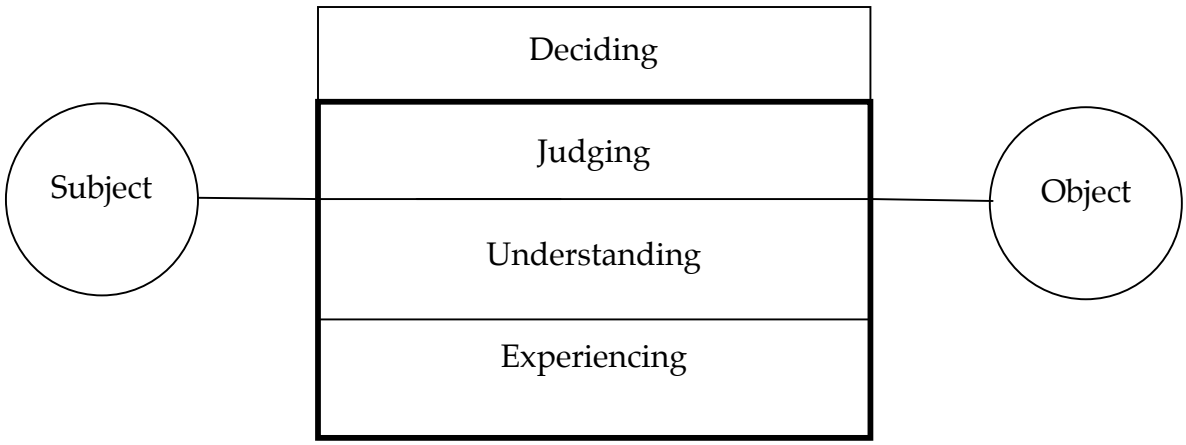


**Figure 3.1: The Four Levels of Consciousness**

Thus, the knower is one who experienced some data, who has made sense of it with appropriate questions intent on understanding the 'given' of the data, and finally, after carefully and reflectively assessing the evidence, has made a considered judgment that his or her understanding is correct. Then, on the basis of this knowledge, the knower can make a responsible decision to act. The subject, in this sense, is therefore an experiencer, understander, judger and decider. This is represented, along with the object as experienced, understood, known and acted upon, in Figure 3.2, below.

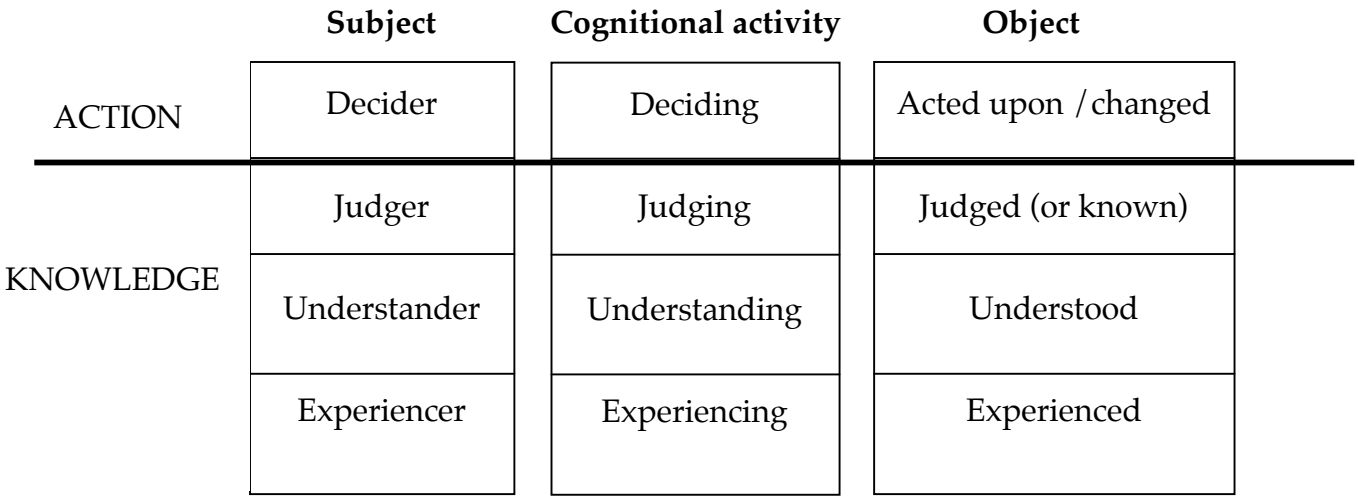


**Figure 3.2: The Structure of Intentionality: IAM**

The reality that this whole process intends is the action which results, namely, the object acted upon and changed. It is therefore what has emerged in the process of experiencing, understanding, judging and deciding. In this respect, the process of knowing and deciding can be described as a personal involvement in a process of 'value-adding for action' that inevitably changes the world in some way. There is no longer a question of 'raw data', or even bright ideas, but of data subsumed into a reflective and responsible process terminating in something new, at least in the sense of not having been present before, but now newly understood and perhaps leading to change. The character of this conscious process suggests the outline of the structure of intentionality (and of consciousness) that we now investigate further. We refer to this structure throughout the text, for the sake of brevity, as IAM—the Intentionality Analysis Method.

First, a word on each of these different levels of consciousness and their respective relationships to action. They are not simply juxtaposed, but work in organic unity.

Each of these components in the cognitional process builds on the one below or preceding it, by adding its own intrinsic value. Thus, understanding, on the second level, adds its own value to what is presented as experience on the first level. Understanding adds insight to the data of experience and, with it, an intelligible grasp of what is presented in the raw data. The routine of poring over columns of figures or checking reports may, on happy occasions, yield to a sudden experience of creative 'breakthrough', as when hitherto unaccountable trends or intractable problems give way to the bright promise of a possible solution.

But then the process of reflective judgment becomes necessary, lest one be 'stuck' with merely a sudden brainwave or bright idea. In this situation, the activity of judging sends one back to a careful consideration of the evidence. It adds value to understanding. The elaborate processes of verification checks that one's understanding does in fact stand up, especially against other bright ideas or brainwaves. In Lonergan's terms, these three-tiered interrelated activities are the components of 'knowing' in its integral sense.

As an act of responsibility on the fourth level, decision carries through the achievement of the cognitive process into the realm of action, and so adds its distinct value to the overall process. In the dynamics concerned, doing is informed by knowing, so to ensure that action is not blind, but based firmly in reality. Intentional consciousness is not arrested in simply interpreting the world, but becomes creatively involved in changing it.

It is fundamental to our thesis that these four levels of empirical, intelligent, rational and responsible consciousness are understood to be at work in organizations, and make for their value-adding capacity as an ever-renewable resource. In marketing, for example, these four levels are evident in a new product cycle—first, with the

gathering of customer data; secondly, by identifying business opportunities; thirdly, in testing the market; and, fourthly, in the commitment to make a new product. Likewise, in any criminal investigation, police visit the scene of a crime and collect data. This usually results in a detective identifying a suspect and making a charge. After that, in the court case, a jury hears the evidence, understands the charge and gives its verdict, with the judge making a decision in the light of the proceedings—with consequences for the accused. Similarly, such procedures shape any serious planning exercise. Data are gathered and issues identified, then solutions are devised, and then tested for risk and feasibility. Only after all this, are decisions taken to implement the project. In short, as with all problem solving, the basic sequence stands out: first, the problem; second, its possible solution; third, testing the suggested solution; and fourth, deciding and implementing the required response.

Within each of these examples, one can discern a further refinement in our notion of 'minder'. This we explore in Chapter 5. In addition to being an organic unity, each level is also implicated in all the others. Thus, the detective makes decisions about the collection of data; the marketer gets insights into how to conduct feasibility testing; the planner makes judgments about the quality of data being collected in the planning exercise, and so on. For our purposes however, at this stage we restrict ourselves to presenting, in familiar examples, the broad recurring patterns relevant to the four levels.

The structure we have sketched is dynamic; one phase leads to another, while incorporating what has preceded it. It is also heuristic, as it brings to light the pattern to be followed if reliable knowledge and responsible action are to result. Furthermore, it is productive, as the value realised in each step is then added to those preceding it, to reach its term in an integrated instance of 'value-adding'. The structure has also an integral character. As the hand coordinates and integrates

fingers and thumb, so does this intentional structure coordinate and integrate its own parts within an organic whole. Although each part can be distinguished, they cannot be separated if the organic structure of the whole is to work effectively. This 'hand metaphor' can be applied to organizations, whatever their complexity. For it suggests the structure underpinning and connecting all the operations of the individual, the group and the organization itself, if the whole is to function well.

It will become clear within this thesis, that neglect of any part of this structure leads to problems and dysfunction within the organization. The restoration of good function is based on recovering the integrity of this structure.

## 2. THE CREATIVITY OF THE QUESTION

A persistent theme in Lonergan's account of cognition is inquiry, and the relentless questioning to which it gives rise. It initiates and sustains the dynamism of intentional consciousness on all its four levels. An initial wonder gives rise to questions, and these seek answers. As with all cognitional acts, it is accessible only, though plentifully, within personal experience.

Inquiry, as the thrust of the mind from the unknown to the to-be-known, is inherently dynamic. It rests only on achieving its goal. The goal of inquiry is found in the answer it seeks. In this regard, it is described as 'heuristic', that is, a process of searching is implied. It anticipates an answer as it moves from a vague anticipation of something unknown but which needs to be known, to a moment of rest in discovering it. This kind of anticipation is inherently 'fuzzy', and must proceed by trial and error until a satisfying answer is found. While inquiry anticipates an answer, it imposes no *a priori* limitation on what might emerge, nor does it limit the

number of questions that must arise if the goal is to be reached. To this degree, inquiry is ever-expanding. It moves toward other goals even as it achieves what it initially sought. In other words, any answer to a question will, in most cases, lead one to ask more questions in a process for which there is no conceivable limit.

The ongoing dynamism of inquiry may be understood to embed cybernetic principles of goal-seeking and control within an open and expanding system. That is, it is never arbitrary or chaotic, but always operating within the scope of personal control and direction. There is the possibility of the inquirer giving up at any point in the unrelenting stream of possible questions. The reasons for this are many, such as fear of the consequences, sheer fatigue, or frustration over the elusiveness of the answer in question. Also, there may be pressure from others who become irritated by the need to raise questions and 'rock the boat' that seems set on a steady course. Still, one may persist; and, indeed, must persist since one's personal integrity is at stake. There is never the need to pretend that one has all the answers, particularly when it is evident to oneself that such is not the case. Needless to say, respect for the dynamism of inquiry is critical not only for the individual, but also for the management of organizations. There are productive consequences when inquiry is encouraged for individuals and groups within an organization, from the highest level of governance to the ground level of the shop-floor.[4] When inquiry is active, the organization is drawing life from an ever-renewable resource. New knowledge born

[4] This is clearly part of the 'Toyota Way', which encourages total involvement of all staff and managers in the pursuit of high-quality products and services through processes of continuous problem solving and improvement. The 14 principles of this highly successful company are summarised in Chapter 4 of Jeffrey K. Liker, *The Toyota Way* (New York: McGraw Hill, 2004).

of inquiry will inform the direction and control exercised by the corporation's management. But if inquiry is absent or discouraged, the routine situation may continue undisturbed for a while, and management may soon begin to expend its energies in pretending that all is well.

Lonergan characterises inquiry as both "detached" and "disinterested". This feature of detachment must not be taken to indicate some posture of non-involvement or a purely theoretical attitude. On the contrary, it is intent on the healthiest kind of objectivity that the situation most needs. Similarly, the quality of disinterestedness is not meant to communicate a lack of concern for positive outcomes when there is a business to be run. Rather, it points to the need of investing oneself in what is best for the organization. It is in no way limited to not disturbing the *status quo*, nor, for that matter, to bolstering one's own position within it, nor to serving any number of vested interests that have reason to fear too many questions.[5]

Another one of Lonergan's preferred terms is 'notion' when he speaks of the goal of inquiry. A notion of something becomes more likely a 'known' as the process of questioning unfolds. Given that one has a starting point of inquiry, 'notion' suggests an obscure and vague 'sense' of what it is that needs to be known. When knowledge

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[5] "However, among men's many desires, there is one that is unique. It is the detached, disinterested, unrestricted desire to know. As other desire, it has its satisfaction. But unlike other desire, it is not content with satisfaction. Of itself, it heads beyond one's own joy in one's own insight to the further question whether one's own insight is correct. It is a desire to know, and its immanent criterion is the attainment of an unconditioned that, by the fact that it is unconditioned, is independent of the individual's likes and dislikes, of his wishful and his anxious thinking". Lonergan, *Insight*, 619.

reaches its goal, it is the known: it is no longer a notion, or a 'known unknown', even if it leads on to further questions and further 'notional' anticipations of what may need to be clarified as the inquiry unfolds.

In this detached and disinterested activity of inquiry, all kinds of questions arise. By categorising the potential range of questions, we can hone a more effective method for directing and controlling inquiry. Questions could be categorised by the interrogative words, such as When? How? Why? What? and so on. They can be typified as 'open', as intending the whole range of reality, or 'closed', as delimited to particular times, places or situations. Revans, in his action-learning methods, proposed two: "P" symbolises the kind of questions for which answers have already been found; while the "Q" type covers questions whose answers are yet to be discovered.[6]

In the context of our executive workshops, Daly proposed four categories, as questions are grouped according to the kinds of answers they seek.[7] This fourfold grouping was a way of extending and applying the four levels of consciousness detected in Lonergan's intentionality analysis. This useful device in communicating the dynamics of inquiry, and the role of questioning within it, can be presented under the following points, and is represented in Table 3.1, below:

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[6] Reginald W. Revans, *The Origins and Growth of Action Learning* (Bromley, UK: Chartwell-Bratt, 1982), 763-771.

[7] Daly subsequently wrote about this method of grouping questions and the associated skills of intentionality in a paper, presented and distributed at a meeting of the Catholic Moral Theology Association (Australia) in Melbourne, July 2000. Tom Daly, "Conscience and Responsibility in the Unity and Complexity of the Human Person," (Catholic Moral Theology Association, 2000).

1. First, there are questions that can be answered by what amounts to the simple gesture of pointing. If one asks, for example, "Who?" "When?" "Which?" "What?" "Where?" the respective answers can be concisely and accurately indicated. This type of question-answer conforms to Lonergan's first level of intentionality. It focuses on the data to which one is attending.[8]

2. The second category of questions need 'long' answers, that is, a satisfying explanation according to the demands of the audience addressed. Here, we have questions such as "Why?" "How?" "What does it mean?" The answers required are explanations. This category of question-answer marks Lonergan's second level of intentional acts on which the activities of 'understanding' and 'conceiving', and, in this case, 'explanation', come into play.

3. The third category of questions is met with answers that are short: an unqualified "yes" or "no", or a qualified "maybe". They answer the generalized question, "Is it so?" This category is related to Lonergan's third level of intentional consciousness, namely, the level of judging.

4. The fourth category of questions is for those that cannot be satisfactorily answered by either an indication, an explanation or a judgment, but only by action. It focuses on the pivotal point of decision and response where one feels the sharp edge of the question, "Will I?" The answer to this question lies in the

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[8] Questions, strictly speaking, do not intend data, as questions always give rise to meaning. We refer to these first level questions as 'pointing-type questions' because they direct and control one's gathering, selecting and managing of data. We elaborate on this further in Chapter 4 in our discussion on the "minder", our term that refers to the mind's capacity to direct and control itself.

doing of something. It therefore corresponds to Lonergan's fourth level of deliberation where knowledge overflows into decision and responsible action.

| Questions | Intentional Level | Answers |
|---|---|---|
| Will I? | Decide | Action |
| Is it? | Judge | Short answer: "yes" or "no" |
| How? Why? What is it? | Understand | Long answer: explanation |
| Where? Who? When? Which? | Experience | Pointing or naming: data |

**Table 3.1: Questions and Answers**

This concise scheme usefully communicates how the inquiring mind moves across four levels of intentional consciousness to the culminating point of decision and action.

## 3. THE POWER AND FERTILITY OF INSIGHT

When Lonergan refers to his approach as a generalized empirical method, he wishes to underscore its experiential basis. Admittedly, the term 'experience' is notoriously elusive in its connotations. But in the present context, it should be stressed that 'experience' is reasonably straightforward in what it denotes. First of all, it refers to the totality of what is consciously registered through the activities of our five senses—sight, hearing, touching, smelling and tasting. It refers to that primal data accessible to all animals. But in addition to the data of sense, there are the data of consciousness. Not only do I experience the particular sense-objects as they are seen

or heard as my eyes respond to light, and my ears to sound. I also experience myself 'seeing' the light and 'hearing' the sound. Further, I experience myself as the subject, namely, as the one who sees and hears.

Furthermore, each act of sensing is inevitably accompanied by innumerable associations, as memory does its work. This is especially the case, for instance, for the sense of smell: the fragrance of a particular flower may take me far back to a seemingly lost world of childhood when I first registered the scent of such a flower in a particular garden of long ago.

But there are further and higher domains of experience connected to distinctively human activities. I can experience the delight of getting the point of a joke, or of finally understanding the argument of a demanding book. I can experience myself pondering what is really going on when confronted with a complex situation where action is called for, and then, perhaps after somewhat anxious deliberation, reaching a moment of clarity. And, given the evidence before me, I can experience myself judging that this, not that, is the case, and then taking action accordingly.

Thus, experiencing occurs in many registers, including those indicative of different levels of consciousness. Fundamentally, experience is the totality of the manifold *data*, in its original sense of 'what is given' in the field of my awareness. Of course, experience in this sense is only the beginning. We must, in common parlance, 'make sense' of it all, or at least of what has captured our attention within it. And so begins an arduous journey toward clarification, further understanding, sound judgment and responsible decision. As mentioned above, there is, what might be termed, 'value-adding', in each successive stage: sheer experience of the data may lead, under the drive of inquiry, to the higher value of understanding; the whole array of possible meanings may then lead, again under inquiry's direction, to the settled position of

judgment; and right judgments are the basis for the final value of responsible decision and action.

At the heart of Lonergan's experiential method is that especially illuminating experience that he names "insight". It is an act of understanding that occurs if one is to attain an intelligible grasp of the data (direct insight), if one is to reflect correctly on the evidence required for judgment (reflective insight), and if one is to embark on a responsible course of action (practical insight). To that degree, the character of insight is differentiated, for it brings different kinds of illumination to the different levels and phases of our intentional consciousness. Yet insight can occur only in the individual mind, and to say more about it—to have further "insight into insight"—demands a careful reflection on one's personal experience. Technically speaking, it is a matter of "self-appropriation", that is, the progressive familiarity with how one's mind works, and the consequent ability to express what is demanded at every stage of its working. It is the path, not only to personal authenticity, but also to genuine creativity in any given domain. It discloses a structure of operations that recur in predictable patterns. This dynamic structure is nonetheless unvarying, demonstrated when inquiry remains open and productive.

Lonergan's extensive treatment of insight, and the self-appropriation it leads to, is never designed to substitute personal experience with a highly refined theory. His often demanding expositions, together with the illustrations and models he employs, are meant to heighten the experience of oneself as a knower. Lonergan insists on the equivalence of the cognitive operations involved in knowing with the self-appropriation it will lead to:

> I have presented this pattern of operations at length in the book, *Insight*… and more compendiously in an article, "Cognitional Structure", … reprinted in *Collection*, 1967. But the matter is so crucial for the present enterprise that some summary must be included here. Please observe

> that.. the process of self-appropriation occurs only slowly, and usually, only through a struggle with some such book as *Insight.*[9]

In this 'struggle, a kind of 'double-take' is involved: For example, in reading *Insight* as a "study of human understanding", we seek both to attend to what is written and to understand it, but, at the same time, we are invited to attend to our own experience of attending and understanding. In such an exercise, we become aware of ourselves as the subject who knows, explicitly conscious of the different components involved in the dynamic structure of coming to know. In that way, we discover ourselves in a new way of self-appropriation.[10]

In the workshops Daly and I designed to promote this self-appropriation in executives, we developed a number of very simple experiential exercises. Their aim was to enable executives to examine their own conscious experience of attending to something, inquiring, getting insights, making judgments and taking decisions. For example, early in such a two-day workshop, in exercises related to 'direct insight', the participants were given 30 minutes to work alone to solve six simple puzzles and to record their experience. Then, a further 20 minutes were allotted to sharing their

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[9] Lonergan, *Method in Theology*, 7.

[10] This notion sheds more light on Descartes' compact statement "I think, therefore I am". Further, although Descartes is interpreted by many as dividing mind and matter, (and that the mind has to find a 'bridge' to cross to get into the real world), Lonergan presents an integral view where mind cannot operate without an object and is defined by the operations of so doing. There is no bridge to cross, but merely deeper insights and better distinctions to make about reality and being.

experiences with a small group and then 40 minutes for sharing with the whole group.[11]

The point of the puzzles being simple is that, by solving them, one has an experience of at least one insight. Moreover, the insight stands out from all the other data of consciousness that one may have experienced in the exercise, such as questions, doubts, reflecting on the evidence—to say nothing of the jumble of feelings felt in most cases. But a further gain lies in the recognition of how prior understanding shapes the path to a solution. Thus, previous insights enter into the data of the puzzle. In the effort to solve this trivial puzzle, one may grasp, in addition, an important feature of the exercise: With its focus on the pivotal role of insight, the whole cognitive structure can be experienced.

In order to gather data about the experience of insight, we invited participants to recall and record, as best they could, what they experienced as they worked on the puzzles. They were to write down thoughts, feelings, actions, self-talk and mental acts that occurred prior to, at the moment of and after insight. Typical self-observations from the group, as a whole, are recorded in the three columns in Table 3.2, below. The central column, recording 'at the moment of insight', conveys the

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[11] The puzzles were simple and unrelated to 'executive work'. This sometimes caused offence. The puzzle itself is of no import, for the purpose of the exercise is to attend to one's experience of getting the insight to solve it. The offence suggests more about the executive's misunderstanding of the purpose of the exercise than about the puzzle's simplicity. A typical puzzle was the following: "A bear walks one mile south, one mile east and one mile north, back to the point from which it set out. What colour is the bear?" For further discussion on the use of puzzles as a pedagogical device, see: Tom V. Daly, "Eleven-Year-Olds and Philosophy!," *Catholic School Studies* 62, no. 2 (1989).

sudden shift in consciousness that occurs as insight arrives. Feelings of relief, pleasure, joy instantaneously replace those of frustration, bewilderment and tension.

Some turn on themselves and berate themselves for being so dumb. Others celebrate the fact that they have understood. Most detect, however, a desire within themselves to test and confirm that their insight was correct. They are being lead by the drive of inquiry to reflective insight. There is also a natural tendency to tell others the solution.

| **What I experienced…** | | |
|---|---|---|
| **Prior to insight** | **At the moment of insight** | **After insight** |
| *Frustration*<br>*Anger*<br>*This is silly*<br>*I am silly*<br>*Remembering previous puzzles*<br>*Being challenged*<br>*Confident I will solve this one*<br>*Imagining different solutions*<br>*Drawing* | *Fantastic*<br>*Ahhh*<br>*I feel great*<br>*A let down*<br>*Easy*<br>*Relief*<br>*Like a light turning on* | *Am I sure?*<br>*Why didn't I see it before?*<br>*How dumb was I*<br>*So what?*<br>*It could be brown if…*<br>*It's not possible for a white bear to live at the North Pole*<br>*I wanted to tell everyone the solution* |

**Table 3.2: Typical Recall Statements**

After the participants had had time to recall and record their experiences, we invited them to share and discuss the data they had collected. By sharing this data, they are more likely to appreciate others' accounts, perhaps more dramatic than theirs, of insight, and to gain a deeper sense of the underlying structure of intentionality they all possess in common.

Though these recorded reactions reveal the inadequacy of language to capture the essential experience of insight, insight as a phenomenon is disclosed often in a dramatic and deeply personal fashion, generally in sharp contrast to other mental states and activities. Clearly, insight is not simply "looking" at something; nor is it a clear image—though good images make it more likely to occur. Nor is it some kind of higher theory or good idea devised by someone else. It is, rather, a deeply personal act, qualifying its possessor in any given instance as a conscious understander. The capacity of insight is one aspect of the mysterious vitality of human existence and the meaningfulness of the world.[12]

Strangely, philosophers and psychologists have made little effort to describe the experience of understanding something and to explain its features. This neglect accounts for the monumental significance of Lonergan's treatise on the understanding that keeps all science, scholarship and human practicality alive.

Lonergan gives many illustrations of insight, one early example in *Insight* being Archimedes' 'Eureka moment' in the baths at Syracuse. Archimedes had been asked by the King of Syracuse to establish, without damaging it, whether the new crown he had been given as a votive offering was made of gold or of some lesser alloy. Such a problem had never been solved. Archimedes' insight came unexpectedly and suddenly while he bathed. Legend has it that he ran naked down the streets of Syracuse shouting "Eureka", meaning, "I have found the solution". It involved

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[12] Despite the difficulty of expressing what the act of insight is, it can nonetheless be identified. Insight is not however like sensation that can generally be performed at will, such as 'opening one's eyes'. I cannot exercise understanding, or insight, as an act of will, nor can I even tell when it will occur—though, often enough the hard work of research prepares the way, and makes understanding more likely.

weighing the crown in water. It took some time for him to formulate what has become known as Archimedes Law: "When a body is partially or totally immersed in a fluid, it loses weight equal to the weight of the fluid displaced".

In another example, Lonergan reflects on the mind's workings as it labours to define a circle. The example has the advantage of forcing one to make a distinction between an image and an insight on the one hand, and between an insight and its different expressions, on the other. In the first place the appropriate insight into the meaning of a circle is not to found in an image, but in a geometrical formula. In the second place, the insight can be formulated in different ways.[13]

An image is a construct of data, such as memory of a wheel or a drawing of a circle mediated through sensation. An imaginative representation of any kind is a gathering of data prior to the grasp of its meaning through insight. Thus, data and its mental representation as image, lie within the first level of consciousness, as "experience", alongside whatever might be received as sensation. Figure 3.3, below, illustrates the distinctions between image, insight and concept.

Lonergan offers some characteristic features of the phenomenon of insight. For instance, insight is always in regard to data; it brings a release from the tension of

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[13] Most likely, in performing the exercise, an image is evoked by the word, such as a wheel or part of its rim. But neither the image nor the word is a circle. Insight into what a circle is (and why "it" is a circle) is the act that grasps its intelligibility and that enables one to formulate a definition, or many kinds of definitions, such as: 1) the locus of a point moving on a plane equidistant from any fixed point on the same plane (in the English language); or 2) $x^2 + y^2 = r^2$ (in the Cartesian system); or 3) $a = r\theta$ (in polar co-ordinates): or 4) the first definition above, as expressed in French or any other language. What is also apparent is that each formulation meets the implicit criteria, namely, to be accurate. Otherwise, it will not convey the insight.

inquiry—and in this way, may come suddenly and unexpectedly, not as caused by outer circumstances, but by the interior vitality of intelligence as it remains alert and questioning. It occurs, not to disappear as suddenly as it came, but as passing into the habitual context of the mind.[14]

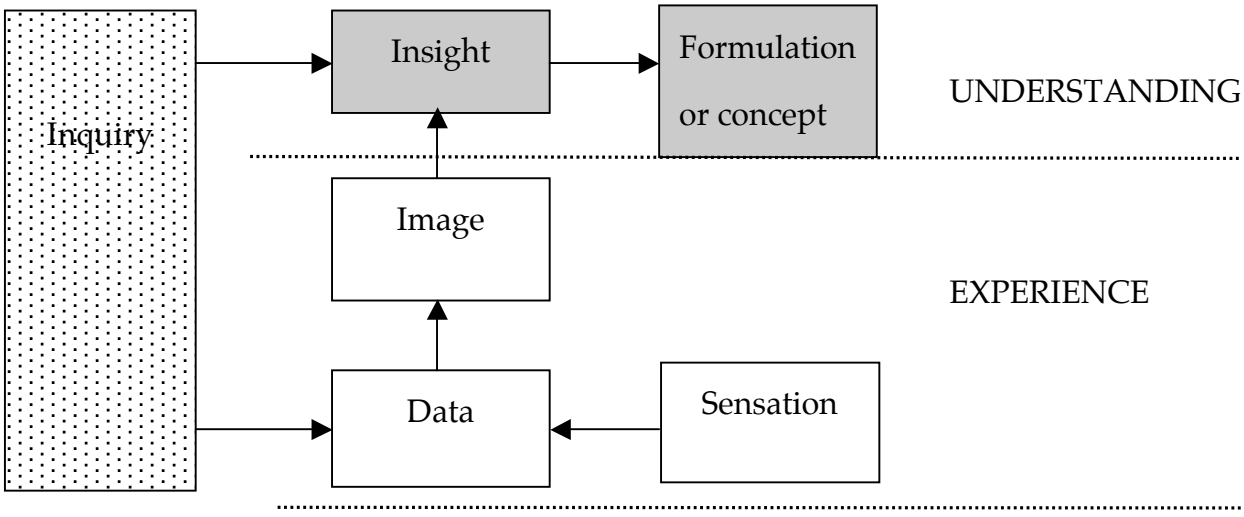


**Figure 3.3: From Image to Insight**

As insight occurs within a dynamic process of inquiry into data, it follows that the good management of this process can influence the probability of an insight occurring.[15] Several factors are involved in this form of self-management if full

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[14] Lonergan, *Insight*, 28.

[15] Many of the creative problem solving activities in which I have been involved encouraged the activities of gathering and disposing the data: asking questions of others; 'day-dreaming'; seeking leisure; tolerating no apparent productive result; staying with the question one is seeking to answer; using 'how' and 'why' type questions; being open; listening for clues and hunches; suspending judgment; seeking total stillness and freedom from all ideas; using imagery, metaphors and story-telling; drawing; body sculpture; rephrasing the problem; using 'wild' ideas to 'hold' the data. Creative problem solving methods, such as Photolanguage, meditation, brainstorming, morphological analysis and synectics, focus on particular aspects of the process of insight generation.

attentiveness to the data is to be realised. One must be grounded in hope, for example, that an insight will occur, just as one must be willing to invest time and resources in a thorough collection of data, and the like.

The phenomenon of insight can be further described. First of all, insights possess an innate fertility. One insight leads to another. In this regard, one insight can shed light on a range of different situations. For example, the insight that was originally formulated in Archimedes' law can be applied to the design of ships, the circulation of air, meteorology, the distillation and separation of oils, and the determination of specific gravity of elements and compounds.

In their original occurrence, insights are the unique possession of an individual mind. One cannot directly 'give' one's insight to another, but only through its formulation can one make it potentially available to others. So it enters into the public domain and becomes available to successive generations. A good teacher is most effective in enabling the student to personally grasp, with his or her own intelligence, the insight that the teacher wishes the student to acquire. But bad teaching often does not dispose the data well and collapses into rote learning—with no expectation of the student's personal and enlightened taking up of the original discovery.

When good teachers have appropriated the insight in question, and disposed their students to grasp it themselves, the process of teaching and learning becomes an exciting adventure for all concerned. It possesses the vitality of communication between mind and mind. It employs any number of illustrations to bring home the value of the explanatory power of the original insightful clarification. Thus, insights build on insights, and lead to more insights as the fund of available knowledge is enriched and extended to ever more data, to create new connections in an

enlightened field of meaning. As insights coalesce, higher viewpoints emerge to bring coherence and unity to whole areas of knowledge, and increase the value of a culture's intellectual capital and its capacities to transform the world. In mathematics, for instance, insight presupposes previous insight. If one fails to get early insights in algebra and geometry, the refined operations of calculus will be impossible. To take another example of higher viewpoints, systems theory attempts to correlate diverse and wide-ranging scientific understandings in order to provide an holistic and integrated frame of reference within which particular issues can be addressed. Public housing, for example, from a systems perspective, will include considerations of health, education, demography, employment, social security, crime, economics and government policy—each offering its own contribution to housing problems, but within a more integrated and collaborative context.

I gave a personal account of insight in Chapter 1, in my example of advising the ATO. The insight occurred suddenly and unexpectedly early one morning on an interstate flight. I was very excited by it and immediately drew a sketch of the idea, preserving it in the image which somehow accompanied it. In a meeting later that morning, I shared this insight through my sketch and commentary, with others. Then, later the same day while telling the Commissioner, I noticed him smile. In that, I realised that he had had the same insight. Although considerable work lay ahead in testing the idea and developing it, it was eventually adopted and is still operating, though undoubtedly with many refinements. My use of Photolanguage with the Prison Governors also demonstrated the power of imagery to generate relevant insights.

In all facilitation work, the facilitator is attempting to lead the group to acquire insight of one kind or another. There is, firstly, the gathering of data and then the question about what it means. In a strategic planning exercise, for example, insight

into critical issues is required before any strategy can be devised. The typical SWOT[16] analysis is usually the first step in this process. This is a series of insights that participants have from their own experience of the organization. Then, with this analysis in mind, further insights are sought—higher viewpoints—to draw out a synthesis of what is critical and important within the data. The mental work involved is demanding and thorough. This was evident in the processes used with the Cree Indians, as mentioned earlier.

Of course, blind spots and resistances to insight also operate. In one example in a conference of industrial chaplains that I facilitated, there was an issue that escaped the group's clarity and resolution. It hinged around succession of leadership. In my asking the group to find a non-verbal way to represent the leadership, one member quickly volunteered to create a body sculpture. Taking three people, he had them stand in a circle, each with their left hand on another's shoulder—and then he placed their right hand on the same person's throat. This image quickly conveyed the insight to all, and particularly to the leaders. They were perceived as appearing on the one hand to support each other, but on the other, (behind their backs) they were subversive. The conference was put on hold as the leaders went aside and worked together on the issue that had emerged. This insight, up until then resisted, was effectively communicated through a graphic, non-verbal representation. This image precipitated a moment of breakthrough for this particular conference and organization.

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[16] SWOT stands for Strengths, Weaknesses, Opportunities and Threats in the organization and its environment

Within politics, insights form the basis of new policies. Where science and politics overlap, such as in contemporary debates on climate change, scientists have had an insight that human activity is causing global temperature increase. As science, this insight is an hypothesis that most people have understood. Its verification is more contentious. For there are substantial differences between scientists about the methods of gathering data, the kinds of data and how they are to be treated; about the modelling of relationships between variables and the conclusions that the modelling reach. The complexity of validation bewilders many scientists and most non-scientists. Knowing, in this instance, is based on trust in the integrity of the scientists and their methods. On the political side of the same issue, there are equally complex judgments to make. Proposals for reducing carbon emissions will be very costly for many. Complications arise with each exception, qualification and development. In each and every step, there are insights and higher viewpoints, all of which hinge around the probability of the scientists being right in the first place. Democratic leadership has a more challenging task than autocratic leadership in conveying the essential insights of policy or direction. In both science and politics, when insights are not easily conveyed or tested, the issue is often resolved, for many, by trust, either in the scientists or the politicians, or both. In the absence of such trust, there will be unrelenting dissention, conflict and non-compliance. This matter of global warming and the policy responses to it are, of course, emerging as a matter of global significance.

Psychology presents other examples of insight. In therapeutic situations, insight into one's situation is the beginning of health. However, the therapist more often has to find ways to help patients overcome firmly established routines of flight from understanding their own contribution to their dysfunction, together with a tendency to blame others for it.

In political contests, the lack of insight into what is going on is often masked by attacks on the opposing parties. A typical media discussion on any issue—for example, petrol prices, terrorist insurgency, homelessness, banking profits—will seek some insight, adequate or otherwise, into what is really going on and what policies will then work best. Experts may contest with opposing insights and with how they explain the data. The moderator may present the relevant data, ask the hard questions and seek to establish the robustness of replies.

But with all insights, there are further steps to take. For not all are correct, and may actually distort communication in its different forms. To take familiar examples, in a crossword puzzle, several answers may satisfy a primary clue, but only one will fit when all other answers are correctly worked out. Likewise, a good detective novel will keep the reader guessing, with suspicion moving from first this person, then to another, as more clues are presented. In both these instances, insights proliferate, but they remain revisable as more relevant data is presented. Only when the insight is appreciated as explaining all the data relevant to the situation, can it be judged correct.

There is a further possibility of error. An insight may be correct, but its formulation incorrect. If, for instance, one defined a circle as "a curved line that moves at an equal distance from a fixed point", it might appear technical enough. But when one realises that such a 'definition' could, in fact, apply to an unlimited number of different shapes drawn on the surface of a sphere, with the fixed point being at the centre of the sphere, there is obviously something wrong, and a better formulation must be found. An adequate formulation would have to add the phrase, "on the same plane". Only then would the co-planar curved line moving at an equal distance from a fixed point express the full understanding of what a circle means.

In a more familiar, social context, a joke is an opportunity for shared insight. Accomplished joke-tellers provide most of the data necessary for insight, but their special skill consists in the ways they present the data as leading to the 'punch line', at which everything falls into shape. Needless to say, comedians shrewdly assess the background knowledge of their hearers: otherwise, the joke can fall flat because no-one, or only a few, can get the point. Not a small part of the comic skill lies in subtly providing the background knowledge needed for the audience, at least for most, to get the joke—and to get it at the same time. This kind of entertainment provides the particular delight of many sharing a sudden insight more or less simultaneously. Of course, it is a poignantly isolating experience if anyone should happen to miss the point. The telling of a joke is a peculiarly gifted capacity to connect people. Despite the social, cultural or religious differences among the hearers, there is a moment of shared insight when they 'get the joke'. In that moment, the differences vanish, and in that experience of humour, a sense of unity and happy communication is the dominant factor. A shared insight exhibits its power to connect and unify people.[17]

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[17] Alongside direct insights that enrich, add value and integrate into higher viewpoints, there is, in contrast, a smaller set of "inverse insights". Such insights are the inverse of grasping intelligibilities in presented data: they grasp that there is **no intelligibility** in the data—that *there is nothing to understand* in what has been presented. An example of inverse insight in practical problem solving is when, in spite of one's expectations to find a solution within a particular line of investigation, one realises that there is nothing to understand in the data. One needs to drop this line of inquiry, start again and find a fresh approach to the problem. One was, perhaps, asking the wrong question.

## 4. JUDGMENT AS REFLECTIVE INSIGHT

Lonergan called the act of judging a "reflective insight". A reflective insight grasps that one's direct insight into the data and its formulation is or is not correct. A judgment holds firm when there are no further questions to challenge one's understanding and no further lines of inquiry to pursue in relation to the data. Judgment reaches the point of what is termed "the virtually unconditioned". This is to admit that there is no question of reaching an absolute certainty with full evidence of everything implied. In most cases, it is a matter of probabilities, with the consequent possibility of the risk of being wrong.

By testing the adequacy of our understanding, judging adds value to understanding. The answer "yes" or "no" of judgment resolves the question of whether our understanding is, in fact, correct. In most cases, we can support our judgment with reasons that amplify and explain how the verdict of judgment has been reached. In this sense, though they operate in service of judgment, reasons are the product of intelligence, giving an explanatory account for why or how one's judgment is as it is. The reasons may be highly complex and qualified in the reflective activity necessary for clarifying how one's explanation fully or most probably matches the data. Thus, judging adds rationality to intelligence, and leads to a reliable public statement of assent (yes), dissent (no) or qualification (maybe).

The vocabulary of judgment, depending on circumstance, uses words such as "correct" as opposed to "incorrect", "right" as opposed to "wrong", "true" as opposed to " false", "fact" rather than "fiction", or "real" in contrast to "illusory". In the given context, the disjunction is absolute, that is, virtually unconditioned—even though the absolute clarity that would depend on knowing everything about everything cannot be supposed in the case of finite, human judgments. There are, in

practice, limits to reaching unqualified certainty in any instance of judgment. Nonetheless, the evidence available makes a true judgment possible if a prudent course of action is to result. Relativistic philosophical theories may question the possibility of ever attaining the truth; but they would be self-defeating if they supposed that their proponents lacked all insight or were dispensed from the need to consider the available evidence in judging what is the case.

Clearly, managers must make judgments on which to base their decisions and actions. Their acts of judgment bear on the assessment of risk, the severity of the problem that must be addressed and the best measures in solving it, in terms of strategy, timing and the use of resources. They need to weigh the competence of their staff and the reliability of its key figures. The manager does not make such judgments 'out of the blue', so to speak, but brings to such deliberations the full range of prior experience, particularly of the trial and error involved in the course of making many such judgments in other situations. Managers cannot but be affected by what life and work have taught them, with all the successes and mistakes involved.[18]

Executives may often associate good judgment with a 'gut feeling' about the situation. A kind of intuition or instinct arising from long experience brings its own sort of evidence, and persuades to a particular course of action. There may be no time for an elaborate, verbal account of formally presented reasons, even though such an account may become necessary at some later stage of review. Still, it is expected that

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[18] Vickers explores throughout his text how appreciative judgment is based on the experiences of the individual, the organization and society. In particular, see: Geoffrey Vickers, *The Art of Judgment* (London: Sage, 1995), 82-89.

those experienced in the matter at hand, who are working 'on the spot' and in touch with the data relevant to the situation, are more likely to make sound managerial judgments than those who are comparatively inexperienced and uninformed.

While sound judgment is confident, it remains open to pertinent and persistent questioning. As already mentioned, many judgments are qualified, as full verification may be impractical. Thus, one may avoid "yes" or "no" by inserting the qualification, "maybe" or its equivalent, such as "probably so", "best guess", "for all intents and purposes". Such qualifications also require a 'reflective insight', but in this case, it is as assertion into the quality of assent: that no definitive reflective insight has occurred in relation to the data.[19] In making a judgment, reflective insight consists in the grasp of the unconditioned, namely that all conditional qualifications have been adequately addressed, all relevant questions asked, and all appropriate tests conducted that are needed for the understanding of the presenting data. If this is so, one may come to virtual certainty with respect to one's insight: the driving question, "Is it so?", yields to the answer, "Yes, it is" or "No, it's not", whatever be the case.

By way of summary, we can return to Lonergan's precise account of what we have been presenting:

> [O]n the third level of reflection, grasp of the unconditioned, and judgment, there is rational consciousness. It is the emergence and the effective operation of a single law of utmost generality, the law of sufficient reason, where the sufficient reason is the unconditioned. It emerges as a demand for the unconditioned and refusal to assent

[19] We will clarify this notion of making a judgment on the quality of assent when we discuss the minder in the next chapter.

> unreservedly on any lesser ground. It advances to grasp of the unconditioned. It terminates in the rational compulsion by which grasp of the unconditioned commands assent.[20]

Lonergan then goes on to say that 'value-adding', as it were, lies not only in the objectivity of what is known, but also in the subjectivity of the knower:

> Exact and balanced judgment not only affirms things as they are but also testifies to the dominance of reasonableness in the subject.[21]

In other words, good judgments, whether they be in science, law, politics or organizations generally, express the self-transcending attainments of the people who made them. An idea may be clever, but it is, of itself, merely an idea. Judgment adds the value of reasonableness, an irreplaceable condition for addressing any problem and for making a good decision.

We now turn to the role of insight in the making of good decisions on the fourth level of consciousness.

## 5. DECISION AS PRACTICAL INSIGHT

Decision-making is arguably the most central and essential feature of personal and organizational life. Decisions shape the future and initiate change, not only in the world, but also within the decision-maker. Decisions are ultimately personal, for which responsibility is the key indicator.

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[20] Lonergan, *Insight*, 346.

[21] Ibid., 347.

Many methods and techniques have been devised to assist the process of individual and corporate decision-making. One, for example, the method devised by Kepner-Tregoe, has been widely promoted and used in organizations.[22] It helps the decision-maker to clarify objectives, alternatives and risks, and then, by assigning numbers to each as a measure of their relative attractiveness, benefit or likely cost and then, by calculation, to identify the best option. This process helps a group work systematically through the complexities of its decision, and to identify all the factors they need to consider. In the process, they work through conflicts and potential problems, and become more aware of each other's values and desires—and their relative measure—and become better prepared to handle adverse consequences down the track. Another technique, well known in management, is Management by Objectives which sets out clear definitions of responsibility and accountability for goals to be achieved in corporate decision-making.[23]

Our purpose here, however, is not to develop a process, or to comment on those in use, but to establish the features of decision-making within the structure of intentionality. It brings us back to that which is personal. The question "What am I doing when I am making a decision" invites a reflection relevant to the fourth level of conscious intentionality, beyond what one is doing on the third level of judgment and on the second level of understanding.

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[22] Charles H. Kepner and Benjamin B. Tregoe, *The New Rational Manager* (London: John Martin, 1981).

[23] This term was coined by Drucker in his 1954 classic text, and was subsequently developed and has persisted as a management technique. Peter F. Drucker, *The Practice of Management* (New York: HarperCollins, 1954).

We offer the term 'practical insight' to refer to decision, to the moment when deliberation concludes and action commences, when the generic question, "Will I?", for decision is answered and commitment ensues. Where reflective insight has grasped that a particular option for future action is reasonable in relation to the situation, practical insight grasps that it meets, additionally, personal criteria of value, compelling enough to engage one to act in a way that brings this value to bear on the world. This assessment of personal value constitutes the value-adding contribution of decision-making, for it engages the person freely to an act of creation, guided by the practical insight grounded within his or her own assessment of value.[24]

The distinction between the levels of understanding, judging and deciding were illustrated very clearly for me in an exercise with a group of 15 prison governors. The governors were resisting systemic change being introduced across the state prison system. My assignment was to engage them in discussions about the changes and their role as leaders in bringing these changes about. I divided them into three groups of five, each person to select, from a set of photographs laid out on the conference floor, one or two photographs which would best illustrate the prison system.[25] Those in the first group, selected photos to illustrate the system as they

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[24] Note that the question "Ought I?"—often regarded as the ethical question— is a question for judgment about whether the object under deliberation for action is compellingly right and good; It is not a question for decision on the fourth level, but for assent on the third. "Will I do it?" is the natural question to arise in wake of a "Yes" to the "Ought I?" question.

[25] The photographs were part of a set, called Photolanguage, developed by the NSW Office of Catholic Education. The set comprised 120 black and white photos of a general nature— of people, landscapes, buildings, animals and human situations. As

knew it in the past, those in the second group, as they knew it to be today, and those in the third group, as they envisaged it for the future. I then asked each group to discuss its particular selection of photographs, after which I convened all the governors to share the conclusions of each group. The discussion that followed illustrated very clearly that these governors understood the changes being proposed. In their exchange, they also tapped into a deeper set of values, attitudes and beliefs that they held, which guided their decision-making and which would account for their resistance to change. "Never trust a crim"[26] was one such attitude that was expressed. The vision for the future that they were being asked to implement, required higher levels of personal interaction and trust between guards and prisoners. Such a vision was clearly counter-cultural and was therefore being deeply resisted.[27] Consequently, the emphasis of the change program was shifted to focus more directly on the governors themselves, and how they could be helped to appreciate more deeply their role in influencing and shaping the prison culture. This approach was eventually successful, particularly in bringing those in opposition to a new personal viewpoint and value-set.

We recall our earlier reference to Aristotle: "It is thought that every activity, artistic or scientific, in fact every deliberate action or pursuit, has for its object the attainment

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images evoke insights, this technique is used to bring out deeper understandings and values in a group.

[26] "crim", as short for criminal.

[27] For a more detailed account of this intervention and its outcome, see: John Little, "Insight, Strategic Thinking and Control," *The Practising Manager* 17, no. 1 (1996).

of some good."[28] By linking this 'good' directly to 'value', we come to the core of what constitutes a decision with a most practical question: what is this 'good', and how do we establish some understanding of it?[29] It would appear to be implicit within the decision-maker, sometimes easy to access and name, sometimes more elusive.

If decisions intend what is 'good', of what, then, does this 'good' consist and its attainment entail? Managers will speak of a 'good' or 'bad' decision, often in retrospect, in view of its being effective or not. We seek, however, within our account of organization and governance, a more comprehensive account of what constitutes the 'good' intended in corporate decisions. Furthermore, by attainment, there is implied not only direction within the action, but control of it until it reaches its term.

For this, we return to our reflections within intentionality for guidelines on the nature of the 'good'. The Oxford philosopher, John Finnis, points us in a practical direction that we used in our executive workshop.[30] We defer Lonergan's account of the structure of the human good to a later chapter.

Finnis gives a list of what he terms "basic goods" that are desired for their own sake in the conduct of a good life. A basic human good can be identified as the answer

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[28] Aristotle, *The Nichomachean Ethics*, 25.

[29] In discussing 'the good', we are confronted again with the difficulties of language, and particularly in any management lexicon, with the absence of standard definitions and terms. Management decisions may involve distinctions between objectives, goals, purposes, mission and values without any standard definitions, leaving each organization to agree and adopt its own.

[30] John Finnis, *Natural Law and Natural Rights* (Oxford: Clarendon Press, 1980).

that lies at the end of a process of asking oneself the question, "Why did I choose this?" In the process, deeper responses of value are unearthed, and the final answer is reached, sufficient within itself. Finnis identifies seven such basic goods.

The first is "life itself". Within this notion lies all that we understand to be life: our own health and well-being, the preservation of life around us—animals, trees, the planet itself. Concerns about global warming, the use of genetically modified seeds, health services and much besides: all can be seen, within Finnis' schema, to be linked to a deeper desire to ensure and uphold life and, in this sense, are instrumental goods. "Life itself" needs no further justification. It is a sufficient end in itself to which one directs action. Its equivalent for an organization is its ongoing and sustainable existence.

"Knowledge" is the second on his list, and he takes this to be self-evident, for human beings cannot live without meaning, information and the search for truth—as we have been arguing in the course of this thesis. For organizations, it is reflected, for example, in the thorough assessment of a situation, of opportunities and of risks.

"Play", or better, "excellence in work and play" is a third type of good.[31] Each of the arts, sciences, professions and crafts provide opportunities for this desirable good. In business, quality product or outcome is an example of individual and collective skilled performance. Not only does this make good business sense, but also it contributes to human development. For many, excellence is integral to their

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[31] Finnis revised his "play" to a fuller notion "excellence in work and play" in a later discussion: ———, *Moral Absolutes* (Washington DC: Catholic University of America Press, 1991), 42.

approach to work and living. A business that recognises this aspect of the 'good' through appropriate policies, support, encouragement and training, is more likely to tap into deeper sources of human motivation and commitment.

"Aesthetic experience" is the fourth basic good—with applications to the workplace environment on many levels.

Finally, for his last three goods, Finnis identifies what he calls three reflective goods—harmony within self, harmony with others, and harmony with one's higher source of meaning. These harmonies could be expressed in terms of living in peace with oneself, with others and with whatever one attributes ultimate meaning. Within these terms lie fairness, justice, friendship and integrity.

Finnis refers to the seven basic goods together as the "integral human good".[32] He maintains that the 'good' is one, and that each basic good can be discovered within it. In this way of accounting for the human good, Finnis sketches a more differentiated approach to 'the common good' compared to the somewhat abstract calculus of many more traditional accounts.[33] It remains, also, open for development and

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[32] Finnis' account of the integral nature of the 'good' reflects also the integral nature of the structure of intentionality. As we have indicated for intentionality, each part of its structure operates with the support of the others—the structure cannot operate effectively if any part is excluded. We discuss this in more detail in Chapters 4 and 5. In using this material in our workshops, in reflecting on the good being sought in a particular decision, participants would often find several basic goods implicated, with one perhaps more dominant than the others. This discovery supports the proposition of its integral nature.

[33] Kennedy provides a more extensive treatment of the relationship between Finnis' basic human goods and the common good in Robert G. Kennedy, *The Good That Business Does*, Christian Social Thought Series (Grand Rapids: Acton Institute, 2006), 41-66.

refinement, as he himself demonstrates. Daly, in his turn, developed a comparable list.[34]

I will draw further on this discussion in Chapters 4 and 5, as it concerns the skills associated with decision, and in Chapter 6, as it concerns the 'corporate good' of decision and governance within the organization.

A final comment needs to be made with respect to the 'good'. Lonergan maintains that the 'good' is always concrete. This means that it is more than an idea, a theory, a value: it is 'delivered', achieved and made 'present' within the action that decision takes. Thus, an artist who seeks to deliver a skilled performance, will do so in the performance, and rest, momentarily, when it has been achieved; but inevitably, will move on to perform again, perhaps at a higher level. A student's pursuit of knowledge is never completed, but forever advancing with each gain. The action initiated by decision carries within it an ongoing vector of commitment and control, and the requirement to sustain it creatively, reasonably and responsibly. We discuss this action component of decision more fully in Chapter 6 as it relates to the organization. In brief, in view of decision as seeking and delivering the 'good', the four-levelled structure of intentionality, IAM, becomes for the individual the basis for personal self-control, self-management and self-direction. Corporately, as IAMO, it becomes the basis for corporate self-management, governance and direction.

Suffice to say at present that the effective management of corporate decision-making in relation to its governance requires attention to many factors: a clear grasp of where

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[34] Daly's list is: life, truth, beauty, achievement, integrity, friendship, religion. John Little and Tom Daly, "Smart Link - Mind Management," (1996).

responsibility and accountability lie; the delegations of roles and tasks; the specification of organizational structure and its systems; the sources and flow of information; the acquisition and development of appropriate skills; the communication of decision, and so on.

Though decision occurs in persons, in the case of organizations it is an exercise of collective responsibility. Since its source is in human beings, decision can never be blind or automatic. It presupposes personal freedom and responsibility, also the awareness of the many options that occurred in its making. Needless to say, it can therefore leave a residue of regret and conflict, especially in those who favoured other courses of action. For individuals differ in what they understand, what they judge to be correct, and what they feel needs to be done, even though they share the same fundamental structure of consciousness.

Although the organization may specify and promote its publicly espoused values in staff induction and development, its people may fail to 'take them on' as the basis for their own decisions and practices. A corporation does not necessarily march to the beat of a single drum, and conflicts are inescapable. One way or another, the conflicts and different points of view within organizations provoke a more thorough consideration of the good that is intended and of the processes that are needed to communicate this to all.

## 6. SUMMARY

To restate our approach: In examining conscious acts, we have differentiated four levels or groups of cognitional or intentional operations, and four levels of oneself, as subject or operator. We define consciousness as awareness immanent in cognitional

acts and in the subject performing those acts. We have summarised the operations and what is produced by them in Table 3.3, below.

| Level | Dynamic Operations: what we are doing | | | Product: what we have |
|---|---|---|---|---|
| 4 | Heuristic drive of inquiry | Decide | Act | Control and change, values, goods |
| 3 | | Judge | Assent | Knowledge, fact, reality, truth, being |
| 2 | | Understand | Conceive | An intelligibility, a concept, a theory, hunch, idea |
| 1 | | Experience | | Data of sense, emotion, memory, imagination, perception etc |

**Table 3.3: The Products of Intentionality**

In relation to these acts, the first level of empirical consciousness is characterised by the receiving of data or communications through sensing, perceiving, imagining and remembering, grouped under the more general term, experiencing. At the second level, the acts of intelligent consciousness are those of understanding and formulating, in which intelligibility or coherence and unity within the data received is sought, grasped, conceived, formulated and communicated. The third level is the emergence of rational consciousness, in which the correctness of one's understanding is validated and affirmed by acts of judging, and communicated through assenting or dissenting. The fourth level is the domain of responsible choosing: of deliberating, evaluating, deciding and communicating through action.

In addition to the differentiation of individual acts, there is a development of value-added 'product' over the four levels, from data to theory or hunch, to knowledge and to control. This development pertains to the role of insight—direct, reflective and practical—in effecting a deeper 'making of one', a more secure integration as we move up each level, in a process that Lonergan calls sublating.

These four levels are recognised in philosophy, general use and business, using terminology appropriate to each. This is illustrated in Table 3.4, below. Note that the levels convey the general structure of knowing and deciding. They convey an emphasis on the value-adding processes that precede the more general term 'action'.

| **Level** | **Philosophy** | **General use** | | | **Business** | | |
|---|---|---|---|---|---|---|---|
| 4 | Will | Responsibility | Good | Decision | Value | Ethic | Commitment |
| 3 | Act | Reason | True | Knowledge | Fact | Risk | Judgment |
| 2 | Form | Intellect | Beautiful | Concept | Theory | Opportunity | Opinion |
| 1 | Potency | Experience | Potential | Data | Situation | Environment | Experience |

**Table 3.4: Terminology and the Four Levels**

Figure 3.4, on the following page, helps one to distinguish certain features of the four levels. The private, interior acts within consciousness—inquiring, experiencing, understanding, judging and deciding—are represented in the left and central columns, and those acts that are public and give rise to their communication and to their storage and preservation—experiencing, formulating, assenting and acting—are represented in the right hand column. Note that 'experience' has both private and

public dimensions, and is shown to be 'in touch with' the 'ground', the source of its sensory data.

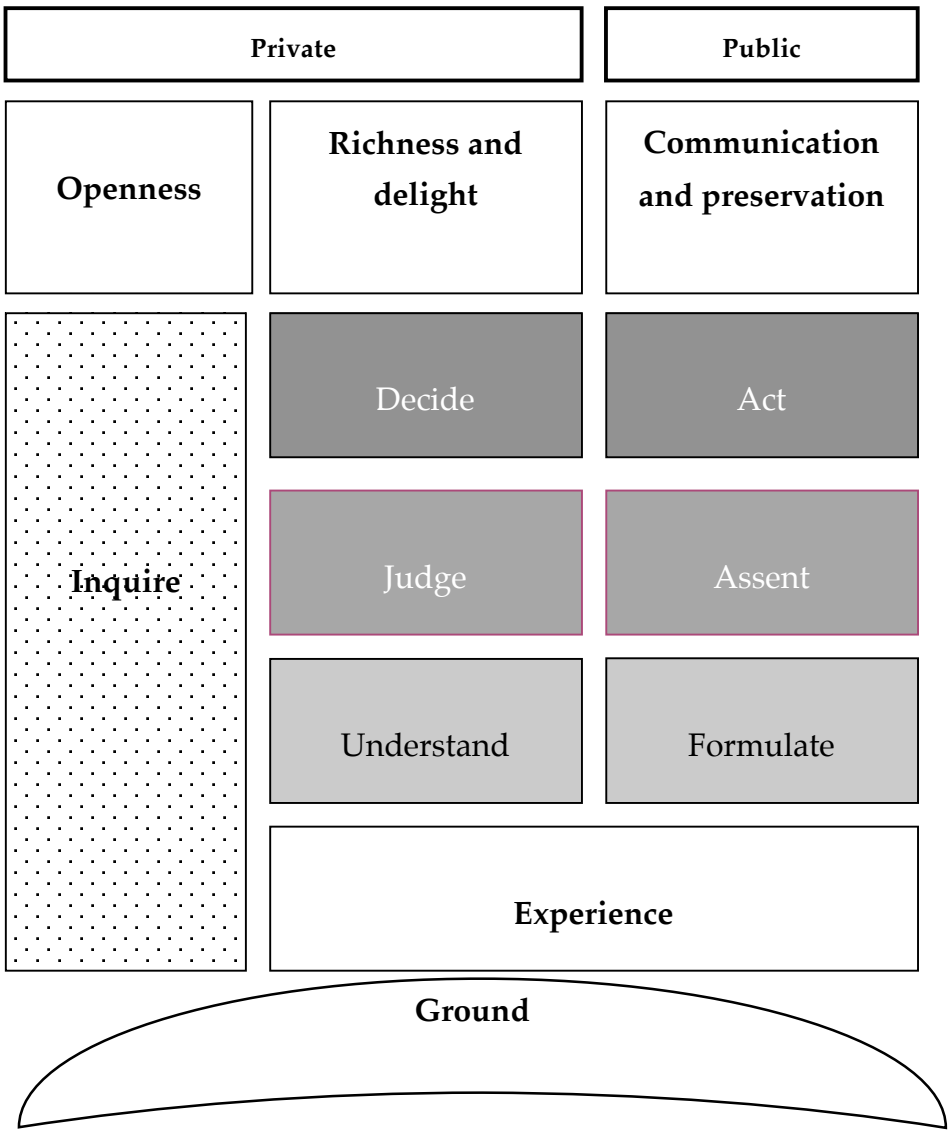


**Figure 3.4: The Public and Private Domains of Intentionality**

An alternative way of visualising this structure, in which the relationship between all its elements is preserved, is illustrated in Figure 3.5. This circular image suggests intentionality as a rotational movement around the central hub of inquiry. It also shows a white circular band separating private and public expressions of each level.

This figure enables one to hold more fully, in an image, the dynamics of intentionality. For example, as turning a wheel requires a rotational force, or torque, acting at the hub, so inquiry could be considered as a force rotating the wheel of change; also as rotation creates a centrifugal force outwards, so understanding, judgment and decision, as private acts, urge their communication and preservation into the public domain, in formulation, assent and action. Thus the 'inner' world gives rise to an 'outer' surrounding mantle of public communications.

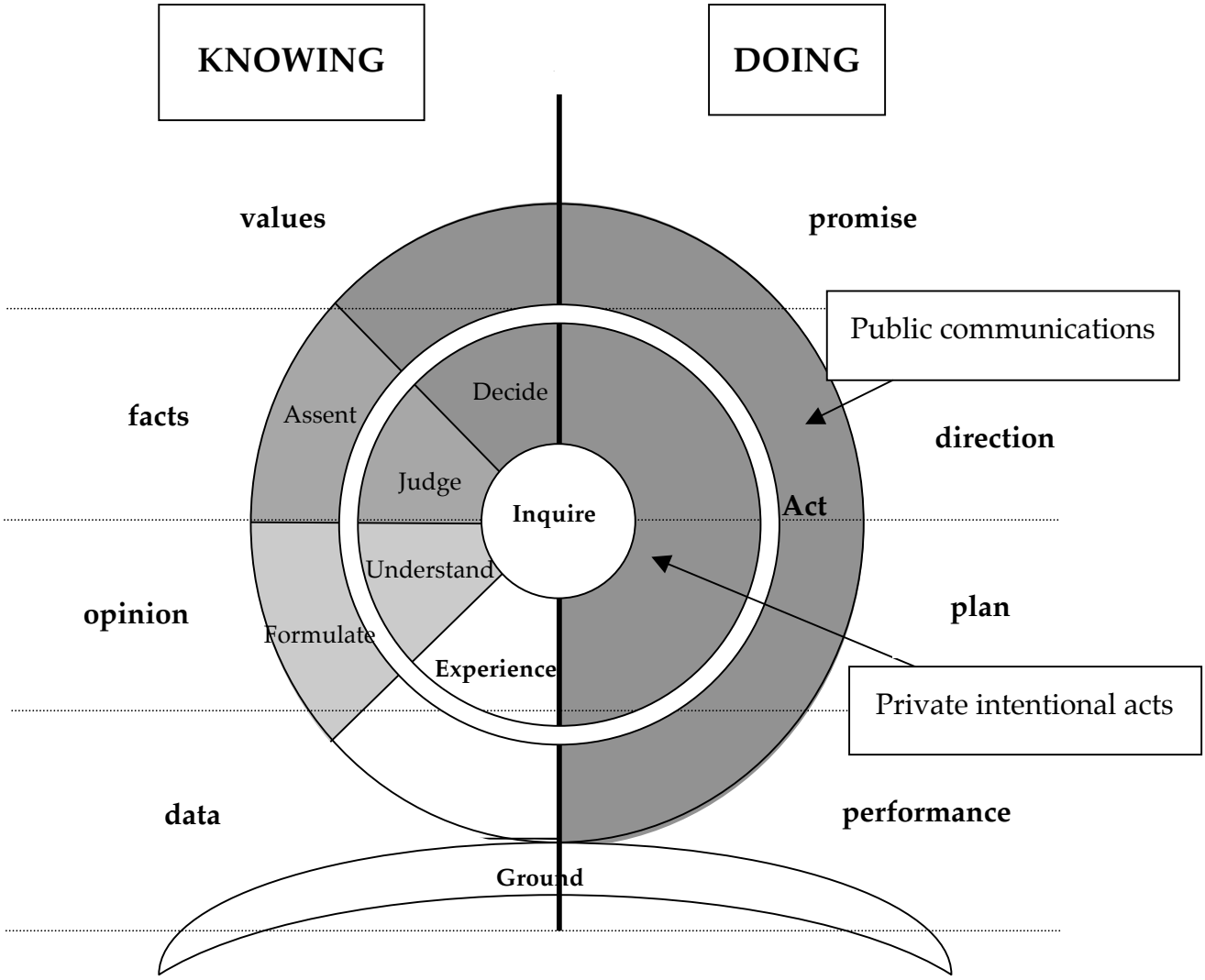


**Figure 3.5: Intentionality as Rotational**

The above figures, however, are incomplete, since they represent more fully the 'knowing' side of intentionality, as distinct from the 'doing' side. The left half of Figure 3.5 conveys the notion of 'ascent' as one moves 'up' to decision from experience, understanding and judging. Decision on the fourth level, as we have discussed, gives rise to 'action' which delivers results on the 'ground'. In doing so, 'action' completes the control loop. It can be imagined as a 'descent' from decision to the 'ground' where it delivers the 'good' intended. 'The good', as known and appropriated, would lie in the inner area of our diagram, within decision. There, it would represent the heart of the person, the source of true value and right action.

Lonergan, after writing *Insight,* identified a symmetry in the 'knowing' and 'doing' that formed the basis the eight functional specialities for theology that he developed in *Method in Theology.* We elaborate upon this symmetry more fully in Chapter 6 when we develop our account of organization as eight value-adding stages. Figure 3.5 shows eight value adding stages for the individual's knowing and doing. For 'knowing', we move 'up' through data, ideas and knowledge to value. For 'doing', we move 'down' from promise, direction and plan, to performance on the ground.

In this chapter, we have presented the 'knowing' and 'deciding' components of the structure of intentionality and control. We have proposed that this structure is grounded within conscious experience and discloses the basic elements of a science of intentionality. It remains to elaborate upon the 'doing' in Chapter 6. There, we will combine and develop the representations of the previous two diagrams in a more general model for organization.

Prior to our discussion of organization, we turn, in the following two chapters, to examine the skill component of each of the four levels of this structure and explore how each skill interacts with the whole in an integral fashion. This discussion will

introduce the notion of ‘minder’, a critical part of our model of organization, in the role it plays for self-management and communications. Then follows a more thorough treatment of communications and trust, essential considerations in our treatment of organization and its governance.

# CHAPTER 4: SKILLS AND STRUCTURES

In the previous chapter, I appealed to Lonergan's intentionality analysis to specify the key intentional acts in all domains of human living, while keeping in mind our particular interest in governance and organization. Unless such governance proceeds by way of inquiry, it will be blind; unless it is open to understanding all available data, it will be narrow; without rigorous questioning and readiness to weigh the evidence, it will be unsure; and without due deliberation on the values at stake, it will act inappropriately.

In this chapter, I turn to the skills that are required if the executive mind is to act well in these matters. I then show how groups of skills make up structures, such as of knowledge and of common sense that Ghoshal thought so important in his treatment of management theory. I draw once more on exercises used in my executive workshops, especially to indicate the role of what we term the 'minder', of special importance in this chapter and in those that follow.

I will present my discussion in this chapter under the following headings:

1. The Skills of Intentionality
2. The Core Skills and their 'Minder'
3. Mindful Structures
4. Common Sense Knowing
5. Knowledge—the Critical Factor
6. Summary and Conclusion

## 1. THE SKILLS OF INTENTIONALITY

First, a brief working description of four terms that suggest a set of performance criteria applied to oneself, a group, a team or an organization: capacity, competence, skill and capability. By 'capacity', I mean potential within the person, group or organization for performance; by 'competence', I refer to the general outline of a particular skill; by 'skill', the description of what one actually does in practice; and by 'capability', the extent of the skill development. Thus, in relation to seeing, I have: 1) a capacity to see if the appropriate biological and psychological functions are in good working order; 2) a competence of seeing in that I can distinguish things within my field of vision; 3) a skill, which I have developed, to distinguishing slight shades of colour and pattern; and 4) a highly developed capability when I am able to detect, match and arrange slight changes in tone and texture.

In his analysis of intentionality, Lonergan identified four performance criteria or precepts, as he frequently referred to them, corresponding to the four levels he identified. We have already mentioned these: Be attentive! Be intelligent! Be reasonable! Be responsible! To these four precepts, I add a fifth, for inquiry, the power upon which the other four depend: Be open! A precept implies that one possesses a certain capacity to do what is required, and can exercise mindful and personal control of appropriate skills as and when they are needed in the situation. As these precepts basically objectify the dynamics of human consciousness, heeding them is both a matter of personal integrity and a development of one's capability as an honest and creative agent in any domain of human living. In other words, to the degree these precepts are conscientiously heeded, the 'character' of the agent is formed and progressively shaped by the skills that are acquired. And each precept comprises a set of particular skills.

Skills, generally, can be defined further in both positive and negative terms. Positively, they foster development. Negatively, they counter any tendency to neglect, hurry over or bypass any phase in the analysis of the situation. One develops skills in any discipline by imitation, instruction, practice and repetition—always assuming sufficient interest, basic capacity and motivation. This is also the case in regard to the core cognitional skills that add precision to the five precepts mentioned above, in how they add the value of intelligence to raw data, the value of judgment, based on evidence, to any intellectual exercise, and the value of responsible decision-making to simply judging the truth of the situation.

But even core cognitional skills can be neglected when, for example, the data of the situation is impulsively dismissed, or when the emerging evidence is insufficiently weighed or a particular good implicated in a decision is suppressed or overlooked. Although this may appear somewhat elementary, the neglect of any skill can have significant, adverse consequences. For the skills together dispose one to be open to wider experience, clearer thinking, sounder judgment, and more responsible decision-making. Furthermore, they contribute directly to the quality of interpersonal relations, team performance and task accomplishment. Clearly, the absence or neglect of any such skill will distort the collaboration of any group and hamper the accomplishment of any team. In the next chapter, we will examine this phenomenon in relation to competency-based models of management, such as those used by Belbin in relation to Team Roles, by Irving Janis in Groupthink and by Kegan in his analysis of conversational dynamics and corporate culture.

Cognitive skills, as with any others, generally operate habitually and unconsciously or subconsciously, that is, outside of one's immediate field of awareness, but they can be identified within consciousness by an appropriate exercise of attention. Familiarity with them enables one to ask more relevant questions to determine

whether one is being fully open, attentive, intelligent, reasonable and responsible in the matter-at-hand. In this respect, using the mind well, according to these criteria or precepts, becomes the measure of personal authenticity. This, again, broadly describes the project of self-appropriation, which is, at once, both a personal achievement and the way to managerial effectiveness.

The use of exercises to identify particular cognitive skills was a feature of our executive workshops. Exercises help all forms of skill development. As athletes can draw on the science of anatomy to identify a particular muscle within a whole set, and then develop its performance within some complex movement, similarly, one can draw on the science of intentionality to focus on one skill and develop competence in its role of 'value-adding' within the whole. But first, one must pay attention to each component as it contributes to the whole. Commitment to develop and uphold the integrity of each skill increases the probability of successful outcome of the whole. The neglect or absence of any skill increases the likelihood of failure and decline of the whole.

These skills are set out in Table 4.1 below. Here, Lonergan's precepts—Be attentive, Be intelligent, Be rational and Be responsible—occupy the first column, while the other columns, based on a list developed by Daly and others and used in our executive workshops, extend their implication and application as particular skills. The second column represents inquiry, with its injunction, Be open, that drives the whole process. The third column reflects the "richness and delight" experienced in the moment of insight, whether direct, reflective or practical. The fourth column represents the communication and preservation of insights, such as expressed through the body, in language, gesture or action.

<table>
<tr><th></th><th>OPENNESS</th><th>RICHNESS and DELIGHT</th><th>COMMUNICATION and PRESERVATION</th></tr>
<tr><td>BE RESPONSIBLE</td><td rowspan="4">Inquiring<br><br>BE OPEN<br><br>Be active<br>Persist<br><br>Avoid obscurantism<br>Avoid drifting</td><td colspan="2">Deciding Performing<br>Be fair, patient, team-spirited, committed, courageous, self-controlled, objective, open to each of the basic human goods<br>Avoid partiality, revenge, grandstanding, laziness, cowardice, impetuosity, superficiality, suppression of a human good</td></tr>
<tr><td>BE REASONABLE</td><td>Judging<br>Become familiar with the field<br>Ask all relevant questions<br>Do not rely on a single glance</td><td>Assenting<br>Be humble but not shy<br>Do not assent without full justification<br>Do not refuse assent when the justification is full</td></tr>
<tr><td>BE INTELLIGENT</td><td>Understanding<br>Recognise clarity and foster it<br>Acknowledge your confusion</td><td>Formulating<br>Be accurate<br>Do not exaggerate or understate</td></tr>
<tr><td>BE ATTENTIVE</td><td colspan="2">Experiencing<br>Attend to the data<br>Gather a wide range of data and of all sorts<br>Do not just gape<br>Avoid projection and ‘reading-in’ theories</td></tr>
</table>

**Table 4.1: Intentional Skill Set**

Drawing on the material in Table 4.1, I now examine sets of particular skills under headings expressing the five precepts: Be open, Be attentive, Be intelligent, Be reasonable and Be responsible, not only as positive injunctions, but also as their obverse, namely, what to avoid.

**Be Open**

Inquiry is a driving force behind our questions. It arises from an original wonder, the roots of which go deeply into our psyche in our response to life.[1] It is our opening to the future and our way to practicality and to better living.

As we presented it in the previous chapter, inquiry gives rise to questions looking for answers, either theoretically or practically. Where one question fails to deliver results, another arises. Persistence is necessary in the face of setback, false leads, and opposition. Yet, it is rewarded when it finds appropriate answers. Only then does inquiry rest, and the line of questioning come to an end. Journalists, barristers and scientists, for instance, with their respective lines of inquiry, all seek particular answers to particular questions. To that end, each profession or discipline develops the skills appropriate to posing and answering questions in their respective spheres.

In contrast to the drive and persistence of inquiry, there is obscurantism of all kinds. It is manifest in neglecting to ask or brushing aside questions that arise. On this matter, Lonergan had much to say.[2]

> As the desire to understand is the opposite of total obscurantism, so the unrestricted desire to understand is the opposite of any and every partial obscurantism no matter how slight. The rejection of total obscurantism is the demand that some questions, at least, are not to be met with an

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[1] As the philosopher, Miller, reflects: "It is the experience of wonder, which Heidegger, like Aristotle, places not just at the origin of philosophical wisdom but also at the origin of all human inquiry. Because wonder makes "the 'Why?' spring to our lips," it is the hinge between ignorance and knowledge, between oblivion and insight, and perhaps for that reason the hinge between every past and future." Jerome Miller, *In the Throe of Wonder - Intimations of the Sacred in a Post-Modern World* (Albany: State University of New York Press, 1992), 33.

[2] In particular, see pages 23, 286 and 667: Lonergan, *Insight*.

> arbitrary exclamation, `Let's forget it!' The rejection of any and every partial obscurantism is the demand that no question whatever is to be met arbitrarily, that every question is to be submitted to the process of intelligent grasp and critical reflection. Negatively, then, the unrestricted desire excludes the unintelligent and uncritical rejection of any question, and positively the unrestricted desire demands the intelligent and critical handling of every question.[3]

It always remains possible, for whatever reason, that one can ignore or suppress one's own questions or those of others. Distraction, defensiveness and public embarrassment all play their part. The Royal Commission of Inquiry into Tricontinental, as discussed in Chapter 1, cited two examples of failure to ask pertinent questions that led to the collapse of the merchant bank.[4] Firstly, the Chief Executive Officer disallowed certain types of questions to be asked internally by managers and internal auditors. He thus prevented the discovery of the misleading nature of reports on the company's cash flow. The Inquiry also referred to self-censorship with regard to members of the Board. One member silently deferred to the judgment of another, a more senior banker, who had not asked the question the member thought should be asked and, not wishing to embarrass the senior banker by so asking it, did not ask it. In this way, a particularly significant problem remained unacknowledged, with subsequent disastrous results. The example brings out the significance of individual, intentional mental acts of inquiry and deliberation affecting critical organisational outcomes.

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[3] Ibid., 661.

[4] Victoria, "First Report of the Royal Commission into the Tricontinental Group of Companies."

The first orientation of inquiry is in relation to the data. But although questions may arise spontaneously in relation to data, they nevertheless remain under our control. We may not wish to go where the question intimates. Alternatively, we may leave no stone unturned in our quest for answers.

In evaluating one's own performance, we may well ask: Am I open in my inquiry about this matter, or am I already set in my conclusions? Or, Am I persistent with my questions when I face difficulties? Am I closing off, without due reason, possibly fruitful lines of inquiry? Am I brushing questions aside? These types of questions are directed to what we might call 'self-minding'. In this, they are focused on the direction and control of our own inquiry's reach in practice, to assess its thrust and throe and to modify it, if appropriate. This applies to all levels of consciousness: *Be open* ensures zest and life in each of the other four precepts and the skills they deploy.

**Be Attentive**

Attention to the data is the first step in the process of knowing and doing. In the executive workshops referred to, this precept, 'Be attentive', was extended into further injunctions regarding a skilful process of data-gathering—in all the range and kinds of what is available—along with techniques to avoid projection and preconceived ideas of what is given.

A skilled attentiveness contains an active component. It consists in going out into the field, as it were, and gathering data from many sources. A key skill for a manager is listening, walking about, and getting impressions from all and sundry, including reading body language and sensing mood. In an organisational audit, for example, the auditor will gather information of many kinds and from many areas, internal and

external to the organization. In any exercise of consultancy, the consultant would be remiss in his or her task if there were no serious effort to base the final report on a wide cross-section of sources. Neither the manager, the auditor nor the consultant, therefore, is content merely to merely 'look' or 'gape' at the data. Attentiveness means actively 'taking it in', assimilating, storing and sorting what is available in the 'given' of the situation. Here, care must be taken with what is found, lest one interprets it prematurely or fits it into a ready-made theory or conviction. Furthermore, one must be careful not to exclude further ranges of data by declaring them to be irrelevant to what is already known (supposedly) and routinely accepted. Considerable skill, born perhaps of sorry experience, is necessary if the data are not to be unconsciously filtered by past experience, and present expectations and assumptions.

This distorting, filtering process can have any number of ingredients—psychological, organisational and those arising from prevailing theoretical paradigms or habitual practices. Further, a skilful attentiveness is alert to the danger of projection, that is, of reading more into the data than is there. It would be like interpreting the motives of any complex human being on the basis of a single act or episode. If that should happen, it would be like taking a single statement of someone without taking into account the whole personal, and even cultural, history of the one who uttered it. It would reduce everything about the other to one's own current suspicion or expectation. In other words, it would be saying more about oneself than the other's real attitude or thoughts. Attentiveness requires a certain mindfulness. It is manifested in the capacity to 'check oneself out', both in regard to the quality of the attention and to the adequacy of what is presented. Here, too, I will explore the nature of this mindfulness below, under the heading of 'minder'. Suffice it to say at this point, that, in a basic way, we can exercise inappropriate, careless, even blind

control over the data by what amounts to simply walking away, closing our eyes or blocking our ears.

As 'data' is the first step towards knowing, its adequate collection is essential. But there is a further requirement that we can express as the need to 'play with the data'. If understanding is to occur, the data must not remain a chaotic collection of mass of impressions, but must be shaped and arranged so as to allow for its meaningful assimilation. Imagination enables us to 'play with the data' as it configures it in potentially intelligible forms. Thus, graphs, tables, and visual models are commonly employed to shape the manner in which the data can be understood. Likewise, cartoons and photographs can facilitate the required 'play', and so rescue the data from a chaotic jumble. In a similar way, stories, fables, metaphors and symbols stir the imagination into life. And even dreams deserve to be mentioned. After all, Kerkule's discovery of the benzene ring emerged out of a daydream he had on a London bus in which he imagined a snake coiled back on itself.

But the skill of attention can be instanced in a wide range of activities. Besides an active involvement of 'playing with the data', it is not unknown for busy executives to discover the value of recollection and the illuminating power of certain meditative practices. For instance, a kind of creative stillness can be achieved, by repeating, mantra-like, a particular word or phrase, or by adopting a certain bodily posture. Such stillness leads to the silence that enables a deeper listening. While such meditative practices seem to be a long way from the exchanges of the board room and the 'busy-ness' of the office or shop-floor, there is increasing interest in such spiritual practices, for they can lead to surprising results and benefits, such as more energy, improved powers of concentration, creativity, mental clarity and deep relaxation.

**Be Intelligent**

As discussed earlier, our executive workshops used puzzles to generate experiences of insight. Following these exercises, participants spent time alone to identify the skills associated with getting an insight, namely, of fostering clarity, of reading correctly the situation presented by the data, and even of handling one's confusion or ignorance when no understanding or insight had emerged. In many ways, we can command ourselves to be attentive, in gathering the data, and so forth. But the act of understanding is not directly under our control. Direct insight cannot be commanded at will, such that it often occurs suddenly and unexpectedly. Before that creative moment, often a period of incubation, distraction, physical exercise or relaxation will help to shape the conditions in which insight occurs with its stream of creative ideas and solutions to a problem.

But the important point in this process consists in being free to admit that insight, the moment when things fall into place, has not occurred, if this is, in fact, the case. Such an admission to 'not getting it' is genuinely honest, even if it might seem like losing face or appear as excessive slowness in the quick and often forceful deliberations of business and organizations. The time spent waiting on insight to come may indeed bring with it a feeling of inner darkness, frustration and perplexity. But the hope that insight will come helps one to persevere through the obscure processes of incubation out of which understanding can emerge.

The critical test in understanding is the ability to formulate it in many different ways, and in 'one's own words', as we say. This test contrasts with the skills and activities necessary for being attentive. On that level, one may repeat someone else's words without necessarily understanding what they are getting at. Understanding is different. It gives one the ability to express, in a variety of situations and in different

words what has been understood. Insight, as an act of intelligence, brings meaning into data. It unifies what was, previously, a more or less chaotic collection of impressions, crystallising what was, then, in solution. Insight is always 'into data'. And because it brings meaning to such data, genuine understanding must then turn back to the original data, in its fullness, to validate the correctness of what is understood. The whole reflective process may take some time—between getting the raw data, gaining an insight into its possible meaning, and the final validation. Take for instance when, in a criminal trial, the jury has to understand the charge, hear the evidence, and after much deliberation, reach its verdict. Needless to say, hurrying the period between gathering data, understanding what appears to be the case, and checking that it is in fact so, can lead to disastrous results in the courts, as it will in any situation of management.

On the other hand, the process of intelligent inquiry does not necessarily start from scratch. Insights build on previous insights; future possibilities of understanding are enhanced by achievements in the past and in the present. In Lonergan's terminology, understanding matures into 'higher viewpoints': knowledge builds on knowledge; and facts, once established, become the data for a deeper grasp of the reality concerned in a cumulative process of learning.

The particular kind of understanding characteristic of good management is related to specific sets of data. Scientific discoveries, assessment of market needs, economic analyses, predictions of demographic and economic growth, and so on, are all part of the picture. Each area has its own data and yields its own range of insights. But, taken together, the scope of understanding broadens into increasingly higher viewpoints. We note that both Kegan and Jaques deal with this notion of higher orders of complexity in their respective models of cognition. Jaques specifies four primary mechanisms and four levels of complexity, or higher orders, of thought and

expression.[5] For his part, Kegan presents five levels of cognitive complexity inherent in subject-object relations, with the fifth level reflecting a post-modernist stance.[6] But each lacks a consideration of the central role of insight in their respective accounts. It is not as though we criticise these authors on some kind of refined philosophical point. Without a recognition of the role of insight in the mechanisms Jaques refers to, and the levels of cognitive complexity favoured by Kegan, their respective schematic accounts fail to identify a vital human factor, namely, the act of understanding that is at the heart of intentionality.

Some writers have introduced the notion of multiple 'intelligences'.[7] But this refers not to the higher viewpoints as we have described them, but to the understanding of different domains of data. For instance, Goleman has drawn attention to the skills of "emotional intelligence" in management performance.[8] It refers to one's understanding the data of emotion in oneself or others. Likewise, 'physical' intelligence, 'artistic' intelligence, and so on, refer to the data that one is attentive to

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[5] Elliot Jaques, *Requisite Organisation. The CEO's Guide to Creative Structure and Leadership* (Arlington VA: Cason Hall and Co, 1989), 44.

[6] Robert Kegan, *In over Our Heads: The Mental Demands of Modern Life* (Cambridge, Massachusetts: Harvard University Press, 1994), 314-315.

[7] Gardner posited the theory of multiple intelligences (MI) in 1983 and has continued to explore this notion of multiplicity in his latest work that begs clarity about his meaning of terms. He writes: "The five minds posited in this book are different from the eight or nine intelligences. Rather than being distinct computational capabilities, they are better thought of as broad uses of the mind that we can cultivate at school, in professions or the work-place. To be sure, the five minds make use of our several intelligences: for example, respect is impossible without the exercise of interpersonal intelligence. And so, when appropriate, I will invoke MI theory." Ironically, one of his five "minds" is the synthesizing mind. Howard Gardner, *Five Minds for the Future* (Boston: Harvard Business School Press, 2006), 4.

[8] Daniel Goleman, *Emotional Intelligence* (New York: Batman Books, 1995).

and into which one has cultivated insights and developed appropriate responses, habits, skills and personal capabilities. Lonergan also recognises this diversity of pattern, but behind the diversity, there is, nevertheless, the one intelligence.[9] For instance, intelligence works in the biological domain when it operates for the survival and health of the species. It takes on an aesthetic pattern in its creative search for artistic forms. It works in the dramatic pattern in the unfolding of individual lives and whole societies. It pervades and promotes the various professions in their practical engagement. It assumes a scientific form when it moves into the realm of theory. Similarly, the higher reaches of philosophy and religious living are not without their respective patterns of intelligence. Thus, it is the one intelligence, but in different patterns, as it operates in different domains. In this regard, there is a polyphony of any number of different patterns of intelligence as one develops the capacity to move across these varied spheres of thought and exploration.

But insights can be lost. There is need for them to be harvested, that is, preserved in their formulation. Then they can be offered to others in what is communicated. We noted earlier this distinction between insight and its formulation. As certain skills apply to the act of understanding, likewise, others apply to its formulation. The

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[9] Lonergan, *Insight*, 204-212. Lonergan distinguishes what he calls "patterns of experience": biological, aesthetic, intellectual and dramatic. Scientific and theory building would be associated with the intellectual pattern; common sense with the dramatic; the aesthetic with artistic expression that "liberates intelligence from the wearying constraints of mathematical proofs, scientific verifications, and commonsense factualness". The biological pattern is "a set of intelligible relations that link together sequences of sensations, memories, images, conations, emotions and bodily movements; and to name the pattern biological is simply to affirm the sequences converge upon terminal activities of intussusception or reproduction, or, when negative in scope, in self-preservation."

essential skill for formulation is to be accurate. It is deployed in the precise formulation and communication of what has been understood, especially when matters are inherently complex. Such a skill is marked with discretion; it 'reads' the audience for whom the formulation is intended. I will discuss this skill more fully later in this chapter when we explore 'minding', and further still, in the following chapter on communications.

Many possibilities arise for any formulation of an insight. I have noted earlier several mathematical and linguistic expressions for the single insight of a circle. Even for this simple example, each term of any chosen expression will carry its own rich set of insights and linguistic history. It contributes to a rich network of interconnected meanings integral to the overall insight that has occurred. The higher the viewpoint, the more complex the formulation might be; yet at every stage, accuracy is a requisite skill.

**Be Reasonable**

This precept evokes skills associated, firstly, with the reflective insight of judging and, secondly, with its communication in affirming or assenting. As explained in the previous chapter, judgment turns what might be simply regarded as a bright idea into a verifiable statement. It means deliberately reflecting back on the original data to ensure that all the relevant questions have been asked and answered. Questions at this stage are redirected. They seek to establish that the understanding and its formulation adequately address all the original data. Some questions may involve how the data was gathered, interpreted and presented in support of the understanding that occurred. Questioning at this stage may involve complex methodological procedures, scientifically established positions, and the resources of language itself. It may involve establishing the trustworthiness of witnesses. Legal

and scientific procedures of verification are highly refined. But in the normal flow of daily living, matters for judgment are less methodical, even though they involve a reconsideration of the original data. In the reconsideration of the data involved in judgment, the most important skill, therefore, consists in asking all relevant questions. In short, does the explanation adequately address all the questions latent in the data?

The asking of relevant questions, however, requires familiarity with the field under investigation. Experience counts. The broader and deeper one's experience, the more likely will one be able to find the relevant questions to ask in order to test a proposition. To the extent that one is not familiar with the field, risks of oversight and faulty judgment are increased. This is evident also when one thinks one is familiar with the field, but the models of reality are faulty, such as those for modern finance and efficient markets. Driven by the question, "Is it so?", the essential criterion of being reasonable is to ask all questions that need to be answered in the proposed solution or explanation. Thus, judgment calls on experience, and the broader and deeper the experience that can be called on, the sounder judgment is likely to be.

Vickers, with deep and wide administrative experience, regarded judgment as eminently human, integral to decision-making and not reducible to algorithm or computer simulation. His concept of 'appreciation' was central to his avoiding the narrow scientific view that was emerging in his time. His central theme of appreciative judgment involves three components: the making of reality judgments,

of value judgments and of instrumental judgments.[10] Each of these three types of judgment in business—reality, value and instrumental—requires familiarity with the field through long experience as the major factor involved in judging well. Reality judgments come to grasp what is the case and what is factual, including probabilities and risks. Value judgments involve an assessment of the significance of these facts to someone or some body. Instrumental judgments pertain to those about the practical requirements of action, including their effects on the environment and social context. Vickers regards these multiple capabilities for judgment in decision-making as integrated within the appreciative system of an organization and of its decision-maker. In this view, his notions are thus close to our own, where judgments of fact, value and practicality are involved in decision and integrated within the person in self-appropriation, as we will show.

To say "yes" to the question for judgment, "Is it right?", is an act of affirming or assenting. There are skills in making such affirmation or assent. One skill relates to the degree of confidence one has in giving assent. Another relates to a certainty that is humble and not arrogant. Another is open to revision, in that it welcomes further questions. One is not shy of making an affirmation and is not undermined by doubt. Again, these skills reflect self-awareness and mindfulness in judging well. On this level, we seek reality and gain it through uncompromising, critical reflection on the evidence at hand.

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[10] In addition to his administrative experience, Vickers draws on systems thinking, control system theory (cybernetics) and psychology in his development of appreciative systems. He sought to recover a moral dimension in decision-making, in contrast to the approaches taken by his contemporaries, for example Simon and Bateson, whom he regarded as imposing too narrow a scientific view on management decision-making. Vickers, *The Art of Judgment*, xiii-xxii.

**Be Responsible**

The fourth level of responsibility subsumes previous attainments in attentiveness, understanding and judging, adding one's very person, so to speak, in the assessment of values that one has identified with. As decision links deliberation with action, separate skills are involved with these two arms: the first with an appreciation of the value at stake, the second with the action that follows. The appreciation of value introduces the personal dimension, for it will inevitably draw upon some compound of the human good to which one is wed and seeks to bring about.

Before discussing in more detail the values, or good, that are sought and the skills involved to attain them, we will revisit briefly the intentionality of decision-making, focusing on the question for decision: "Will I?" and the action that comes in answer, reversing it to an "I will…."

The "I will" of decision occurs when understanding, reflection and evaluation, in the process leading up to decision, give way to willing and acting, in the immediate process leading from it. The process of evaluation requires a careful questioning of the decision in light of the values (imagined, understood and judged as practical benefits) one hopes to achieve. Practical insight occurs when all relevant questions have been asked concerning these values. It reveals the desired outcome as one's own genuine desire; it accepts whatever risks and feasibilities might be involved, and it opens commitment to make one's vision a reality. The dynamism of inquiry, now under the sway of practical insight, then rises to meet new demands that emerge in its implementation.

Decision is, in a sense, disclosed by the release of intentional power related to "I will…" and is upheld as long as this intentional 'willing' persists. The intended action seeks a concrete outcome. To achieve this, the intentionality of decision will

inevitably confront obstacles, opposite viewpoints, and complications arising from the unexpected. An ongoing inventiveness will be required if the decision is to be fully implemented, an inventiveness that devises new means and methods to overcome whatever the decision may encounter. The decision may be found to be in opposition to a countervailing intention and the decision-maker, consequently, in conflict with others.[11] Equally, it may be quite simple and uplifting to execute, if one has reached a certain degree of confidence, based on having done the appropriate work of investigation. This is to say that, in intending a future outcome, it moves forward by way of anticipation and extrapolation from the present. As decision and its intention are shaping the future, its outcomes are not known but merely anticipated. Risk, uncertainty, and potential failure belong to this realm of probability. This aspect of 'willing' reveals the complexity of multiple layers of probability in the achievement of what is intended. Given the turbulence and trickiness inherent in decision-making, it is a matter of steering in the right direction. The helmsman must adjust the ship's course in light of emerging conditions of the sea and air. The monitoring of progress and the development of techniques for

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[11] Howard, drawing on Clausewitz's celebrated text *On War*, provides a lucid account of two key requisites of decision-making which Clausewitz claimed to be necessary for the best general to possess. "The first was intuitive: the almost distinctive capacity to discern through the fog of war what was happening and what needed to be done; a flair for essentials that enabled the commander to select the right course without thinking, and certainly without going through the elaborate process of calculations of possibilities and probabilities that would paralyse the decisions of a lesser man. The second requisite was the capacity, having taken a decision, to stick to it: determination. Everything would conspire to convince the general that his decision had been wrong: conflicting intelligence or, worse, the absence of any intelligence at all; the doubts of his subordinates; and the gradual exhaustion of the forces under his command, the decline in whose moral strength had to be made up for by the greater exertion of his own." Michael Howard, *Clausewitz* (Oxford: Oxford University Press, 1983), 27.

confronting new questions arising in the course of implementing a decision are inevitable requirements.

Decision takes place at the fourth level of intentionality—at the apex, as it were, of a climb to the summit. A decision, so envisaged, is based on multiple layers of data, and on many insights that constitute the foundational base of knowledge. What is at work is a single, generative intention, even as it gives rise to a range of strategies and a plethora of tactical decisions and practical adjustments. In this sense, the practical insight that underpins a significant decision will necessarily generate a continuing stream of further insights and reflections in the course of its unfolding in time. We will expand this notion of generativity when we address the structure of organization. Argyris, in this connection, has identified the issues that arise when values espoused within an organization will often differ from those evident in practice; and similarly Mintzberg, who identified issues that arise when the emergent strategy diverges over time from the strategy as it was first intended.

Not all human actions are deliberate in this fashion. Impulses and spontaneous reactions may be difficult to control or manage. For example, the biological demands of addiction can diminish responsible choice. Further, when the judicial system distinguishes between manslaughter and murder, it recognises that the death of another may not necessarily be directly intended; hence, a diminished degree of personal responsibility may be recognised. Such a qualification of degrees of responsibility is admitted, since responsibility, of itself, suggests the notion of free, self-directed, conscious, intentional choice to bring about some value or desirable good.

A variety of skills relate to good decision-making. On the positive side are fairness, patience, courage, team-spiritedness, and openness to the whole human good. On

the negative side, skills are needed to avoid partiality, a self-serving agenda, revenge, grandstanding, laziness, cowardice, impetuosity, and a narrow conception of the human good. All these skills belong to a thoroughgoing commitment to what is intended and decided: courage in the face of difficulties, doubts and fear; and, in their turn, the qualities of fairness and of team spirit, in the recognition that other persons are involved in the decision-making process, and are affected by it. Obviously, too, patience must accompany the implementation of any decision or policy, especially if change in the organization is intended, and resistance is to be expected.

With some reliance on Finnis, the list of basic human goods used in our executive workshops—life, truth, beauty, achievement (in work or play), integrity, friendship and religion—are to be respected as an integral set. The suppression of any one of these goods is at the root of a dehumanised organization and working environment. Here, the principle is that the desire for one particular human good must not summarily sacrifice concern for the whole range of human values. Friendship cannot be allowed to involve a suppression of integrity and honesty; achievement cannot involve the telling of lies; just as religion cannot be so otherworldly as to undermine the practical concerns of making a profit.

A further elaboration of these skills that pertain to being responsible would take us into the realm of spirituality, and so is beyond the scope of this work. Nonetheless, by summarily listing them, we are suggesting a practical, starting point for a consideration of the core skills of decision, where these pertain to the ethics of executive responsibility. Ghoshal's concern for intentionality as the key to good management theory and the teaching of business studies was heightened by the collapse of Enron. In that context, he saw the practical relevance of ethics in the

avoidance of such disasters. For ethical sensitivity exposes what is fundamentally at stake in the intentionality of responsibility.

When ethical considerations are peripheral, partiality will be unchecked in its selectivity and prejudice. Unwarranted criticism and revenge, with their aim to damage another person or group, distract from the main business. Grandstanding and defensiveness work against collaboration, just as impetuosity undermines the possibility of due deliberation.

The more we centre our discussion on responsibility, the more the required skills resemble moral habits or virtues pertaining to the ethical character of the person involved. The same observation applies to the other three levels.

We have sketched, in the above section, the significance of various injunctions or precepts for the personal control of attention, intelligence, rationality and responsibility in decision-making. We then offered a brief consideration of the skills and moral dispositions that enhance attentiveness, understanding, rationality and responsibility in decision-making. We now move on to examine more closely the intentionality of the 'self-minding' that is at work.

## 2. THE CORE SKILLS AND THEIR MINDER

In the executive workshops referred to, we had exercises to identify each set of skills discussed above. In these exercises, it became clear that no skill operated alone, but rather in the company of all others. Although one could identify a particular skill, so could one identify most of the others, though they were in the background, supporting the more prominent. Thus, our notion of core skills developed to describe those in the foreground. All the others were 'keeping an eye' on, 'minding', and

supporting them in what they were doing. We called this background set, 'the minder'. This notion takes us to the seat of personal control in thinking: oneself.

It was evident too, that what was background for one exercise might be foreground for another. Thus, the exercises, as a whole, demonstrate the organic and cohesive unity of the skill set—that the structure manages itself—and that through the exercises, one can grasp the unity of oneself as having the capacity to be open, attentive, intelligent, reasonable and responsible.

This point is illustrated by two exercises used in the workshops: one for 'attention', requiring each participant to find as many red objects in the room as he or she could, and another, for the 'formulation' of an insight, requiring each participant to express an accurate definition of a circle. Both exercises also demonstrated that this organic and cohesive set of skills operated integrally as a structure of control. Anyone attempting to find 'red' objects cannot do so without controlling their eyes and using their powers of judging red. Anyone attempting to define a circle must be quite deliberate in 'controlling' their particular formulation.

Control is achieved when five interrelated functions work together in a system. First, there must be a desired performance or goal. Secondly, an actual performance is required. Thirdly, there must be a monitoring of this performance. Fourthly, there is a calculation made of the difference between the desired and actual performance. And, fifthly, some corrective action must be made to bring the actual performance in

line with what is desired. These five functions are linked in a closed, 'feed-back' loop of information-flow[12].

Engineering offers a good example of control: the thermostat in an engine is designed to maintain its operation at a constant temperature. It measures the actual temperature and produces a physical response in the cooling system to ensure the maintenance of the optimum temperature. At a level of complexity higher than that of the thermostat, is a zoological example. Take the flight of a bird of prey, as it dives to swoop down onto its moving quarry. Eyes, head, wings, feet, talons are highly coordinated to achieve their end. In both instances, sensitivity and accuracy of the control-system are necessary in the integral design of the engineering or zoological systems in question.

Human conscious intentionality likewise is characterised by a specific form of control in its operations. This is instanced on five levels: First, *deciding* has a desired goal; secondly, *acting* leads to its concrete performance; thirdly, *experiencing* the actual performance is a way of monitoring it; fourthly, *understanding* and *judging* are required to determine how much the performance differs from what is desired; and, fifthly, *implementing* any necessary, corrective action completes the feedback loop. Although, for the large part, this 'structure' operates unconsciously, it can be brought forward into consciousness, such as through our exercises, and its essential features

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[12] Feed-back in electronic systems means that some proportion of the output signal is fed back to the input to modify it in such as way as to produce a more stable and controlled output. There is both negative and positive feedback, the former aiming at stability, such as in a controlled nuclear reaction, the latter being characteristic of instability and run-away, such as in a nuclear explosion.

recognised. This account of the structure is a more technical description of the minder, operating in the 'background' to control any particular intentional activity.

In the exercise to find 'red' objects, for example, one chooses to undertake the exercise, and then directs the eyes to scan the room. One may then question oneself whether this colour is red or not, whether one might stand up and walk around to get a different view and so on. In this way, the full set of intentional skills operates in support of the task of finding red objects.

The same is found in defining a circle. Every attempt at accurate formulation reveals the difficulty involved, given the complex inter-relationship of cognitional operations. This is not normally noticed, since attention is focused on the formulation itself. But, if the goal of formulation is to be clear and accurate, proper control must take into account at least four requirements: firstly, that one attends both to the articulation of the formulation and to the audience for whom it is intended; secondly, one must understand what is stated, given the possibility of confusion in any one kind of expression; thirdly, there must be a judgment assessing the level of comprehension on the part of the intended audience; and fourthly, it may be required that the formulation will need further clarification or revision if it is to take effect. In this whole process, all levels of consciousness are active and inter-related.

Although we introduce the idea of the 'minder' in this way, it is not an impersonal mechanism, for it refers basically to how persons act, alone or in collaboration with others. Nor is it meant to suggest some external, superintending, controlling authority, for it aims to model the experiential matrix of perceiving, thinking, deciding and doing, residing within the conscious activities of persons and groups. In our executive workshops, in order to foster discussion on the core skills and the notion of the minder, we used a template showing some of the intentional skill set, as

listed in Table 4.1. The discussion required participants to insert an 'x' into appropriate columns that distinguished core and minder skills. The typically completed template is represented in Table 4.2 below.

| | **FINDING RED** | | **DEFINING A CIRCLE** | |
|---|---|---|---|---|
| ***SKILL*** | ***CORE*** | ***MINDER*** | ***CORE*** | ***MINDER*** |
| Using all the senses | X | | | X |
| Fostering clarity when it comes | | X | | X |
| Asking all the relevant questions | | X | | X |
| Gathering information | X | | | X |
| Being open | | X | | X |
| Testing for validity | | X | | X |
| Being accurate | | X | X | |
| Taking courage | | X | | X |
| Actively imagining | | X | | X |
| Recognising one's feelings | | X | | X |
| Discriminating | | X | | X |

**Table 4.2: Core and Minder Skills**

The model of the minder reveals that the full set of intentional skills operates in support of each individual skill exercised by any person or group intent on acting intelligently, rationally and seeking to succeed. It illustrates how the core skills for

'finding red', such as gathering information or using all the senses, become part of the minder set of skills for the task of 'defining a circle'. The template helps one to focus specifically on what each skill is doing, whether it is in the foreground, active and prominent, or in the background, aiding and assisting. It also helps one recognise that the full set of skills is operating holistically.

The self-minding suggested by this model contributes to integrate all aspects of executive responsibility, and to serve as an ongoing point of reference in the conduct of management. We can extend the notion to group, team and organization.

As the proverb, "Practice makes perfect", has it, the development of any skill and competence named in this structure requires continual and repeated cycles of application, monitoring, assessment and improvement. An integrated set of competencies and skills makes for good thinking and responsible decision-making. The absence of any one of them distorts the whole process, and undermines the integrity of the thinking and doing involved.

## 3. MINDFUL STRUCTURES

Our treatment of the minder has drawn attention to the holistic nature of the structure, namely, that no part can operate without the whole. The startling reality about this structure is that all its parts find themselves operative and alive in an integral and holistic fashion as the conscious human person, or subject, who 'intends' and 'minds'. As Lonergan pointed out, the careful attention to these various intentional acts within ourselves, and familiarity with the skills associated with them, leads to an understanding and affirmation, on reflection, that the structure is robust and holds for all situations. The mindful attention to oneself as the agent, in this

fashion, leads to a comparable self-knowledge and self-affirmation, that Lonergan calls self-appropriation.

As in an orchestra, single instruments have prominence at times, while groups, such as string or wind instruments, are prominent at other times. Likewise, within our whole structure of IAM, we can distinguish single parts as well as groups within the whole. There are four major groups: 1) The structure of attention, represented by the first level. 2) The structure of creativity, that combines the first and second levels. 3) The structure of knowledge, combining the first, second and third levels. And 4), the structure of control which, as we have discussed, is constituted by the four levels together.

With reference to the structure of creativity, we have shown earlier how creative thinking is based on insight. It is demonstrable that all creativity methods in management invariably focus on developing specific skills within the first two levels of experiencing and of understanding, and prescind from exercising skills at the higher levels of judging, evaluating and deciding. But note that they draw on these higher skills to manage and control the creativity they are seeking.[13] Creativity is not interested in knowledge, but in new ideas; not in the assessment of probabilities, but in the identification of possibilities; not in what is real or fact, but what is fanciful and even dream-like.

Creativity methods used in management seek direct insights above all else—breakthroughs and fresh ideas to solve the problems that managers face. Thus, these

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[13] In our treatment of the matter, we assert that the minder's direction of creative activity is the basis for this control.

methods dynamically engage the structure of attention. They enlarge the data and manipulate it by imagination, story, metaphor, theatre, images or supposition. They ask "why" or "how" type questions. They reframe the problem, even moving one into new environments. They use incubation and relaxation techniques. They seek ways of letting go of fixed ideas or mindsets. And they 'brainstorm' by open association.

In the structure of knowledge, the third level of judgment is added to the structure of creativity. Now, critical reflective thinking is involved. Ideas are assessed, weighed up, tested. More rigour is introduced. This leads us back to Ghoshal's questions that relate directly to the structure of knowledge—about epistemology, the neglect of intentionality in social science and the use of "imaginative common sense".

My purpose is not to confuse the management field with refined philosophical terms and distinctions, but to use the structure we have developed to clarify the meaning of the relevant terms Ghoshal used. This discussion will then be further developed in Chapter 7 where I take up the matter of a "grand unification theory", to which Ghoshal referred.

I remark, first of all, that the structure of knowing is heuristic. That is, it methodologically anticipates a goal as it moves from the known to anticipate a further knowledge of what is as yet unknown. In this regard, what is known expands and develops over time. Initial small achievements in knowing lead to a larger comprehension. This accumulation of results is particularly evident in science and mathematics. Science is a cumulative result of collaboration between individual minds as they seek to understand the physical universe. Mathematics, too, is a cumulative body of knowledge. It developed its exquisite refinements on a foundation of numbers and operations such as addition and multiplication, and the

pattern of the relationships between the various numerical values and the ways in which they can be conceived. Now, both science and mathematics provide explanatory accounts of defined terms and relations. Both seek verification in reference to data in which the various terms are grounded. Science advances from inquiry into data, then to hypothesis, and then on to verification of the hypothesis. Verification proceeds by methodologically establishing that the hypothesis can provide a complete and thorough explanation of the data it deals with. For example, the terms of a scientific theory, such as energy, mass and velocity of light, are definable and measurable. By correlating these terms, an hypothesis, such as $E = mc^2$, is formed, the validity of which is verified by experiment.

The methods of science have been developed and refined over the recent centuries. In practical terms, the bulk of scientific work is spent, not in simply seeking new insights, but in establishing strategies or methods to verify the insights—and resultant hypotheses—already in possession. Scientific method is collaborative, as any research group must allow others to repeat its discoveries and further verify their validity. However, it is not continually necessary for any one scientist to repeat the experiments of all others. Each scientist builds on another's work. To build on previous work, the scientist must accept the cumulative results of the scientific community in what amounts to an act of responsible belief. It means trusting that others have been honest with their data and followed established and appropriate methods of verification.

Although scientific method continues to be ever more refined and differentiated, the main concern of scientists is to understand the data they are dealing with. It would seem to be a philosophical distraction to be concerned with a further understanding of the scientific process itself. Although, of course, scientists are aware of what they are doing, such awareness is not yet knowledge in its full sense. That would require

them to attend to their own data of consciousness. It would mean examining the components of their various acts of knowing, and then understanding and verifying the recurrent pattern in these acts. This seemingly irrelevant and philosophical task is the domain, not of science, but of epistemology. However peripheral epistemological issues may appear to scientists, science nevertheless depends on a sound epistemological base. It makes a difference for science if even its most rigorous efforts to understand the real world are declared to be illusory, and are no more than subjectivistic projections or imaginary expressions of minds unconnected with reality and incapable of knowing the truth. Likewise, it makes a difference to the practitioners of other forms of knowledge such as history, philosophy, theology, the social sciences and so on, if the physical sciences, confining themselves to the material world, declare that knowing anything beyond such concerns, or any methods other than exclusively scientific, do not advance the knowledge of reality in any real sense at all.

Still, it remains that the findings of science are empirically based and seek applications irrespective of time, place, culture and the whole range of human values and concerns. In this, it offers a theoretical, verifiable account of the constitution and workings of material reality.

With this Ghoshal had no argument. He was critical of the truncated methods being used in the name of social science to exclude intentionality and, hence, a full consideration of the human person in management theory. In appealing to imaginative common sense, he was advocating more dynamic and exploratory approaches to theory-making, less constrained by some of the rigours of scientific method, such as Popper's approach to falsification, and more open to addressing the issues that current approaches were neglecting.

Lonergan distinguished knowing in science from that kind of knowing called "common sense". He nevertheless argued that the same structure of knowing applied to both. Lonergan's distinction helps to clarify an apparent difficulty that Ghoshal encountered in his discussion of the two notions, and which resulted in a lengthy comment in the literature of the Academy of Management Learning and Education.

## 4. COMMON SENSE KNOWING

Common sense knowing, technically understood, stands in contrast to scientific procedures. It does not pretend to possess the rigour of cumulative bodies of theory or explanation, as does science. Where science provides an explanatory account of things in relation to each other, common sense is more immediately practical; it seeks to provide a descriptive account of things in relation to the immediate demands of our own successfully living in the world. It operates within an horizon determined by a particular experience of time, space and practical concerns. Common sense is "common" only for those who share its particular, practical horizon. We might say, its main concern is in knowing that something works, rather than a full understanding of why or how it works. This can be left to theorists.

Lonergan's distinction, "Where the scientist seeks the relations of things to one another, common sense is concerned with the relations of things to us." is helpful.[14] Take, for instance, the position of the sun in relation to earth, an example that

[14] Lonergan, *Insight*, 204.

Ghoshal used in his discussion of wrong theory. The common experience of all people is that the sun rises in the east and sets in the west, and over the year moves higher in the sky for summer, and lower in winter. This is a descriptive account from the observer's perspective of the apparent movement of the sun. Scientific theory, on the other hand, prescinds from the observer in order to offer an explanatory account of the relationship between sun and earth. The sun remains fixed, more or less, and the earth moves in an elliptical orbit around it. This account has no reference to an observer. Scientific knowledge of the solar system expresses, in this regard, a verifiable understanding of planets moving in coplanar, elliptical orbits around the sun, with the planet earth spinning around its oblique polar axis as it moves along the path of its solar orbit. But the solar system itself is dynamic with respect to the universe, and an account of its motion within that larger frame would constitute a higher viewpoint.

Ghoshal wrote: "If a theory assumes that the sun goes round the earth, it does not change what the sun actually does. So if the theory is wrong, the truth is preserved for discovery by someone else."[15] Donaldson, in his reply to Ghoshal, wrote: "Ghoshal lauds common sense, but the natural sciences have shown some common sense to be false, for example, that the sun goes around the earth. The creation of knowledge that is not already known through common sense is a major achievement of the natural sciences and is possible also in management science." [16]

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[15] Ghoshal, "Bad Management Theories Are Destroying Good Management Practices," 77.

[16] Donaldson, "For Positive Management Theories While Retaining Science: Reply to Ghoshal," 110.

With a more comprehensive point of view, Lonergan would regard both kinds of knowledge, common sense and scientific, as right in their respective formulations. One, the common sense account, is descriptive from the perspective of the observer, while the other, the scientific mode of knowing, offers an explanatory account of relationships of one body to another.

Common sense favours concise communication as in the case of proverbs—even if one proverb may contradict another: "He who hesitates is lost" is not obviously compatible with, say, "Look before you leap". The application of proverbs in any particular situation requires an understanding of the concrete circumstances of time, place and persons. To this degree, proverbs, as common sense insights, are not universally applicable. In this respect, they stand in contrast to scientific formulations. After all, Newton's law of Gravitation, ($F = G (m_1m_2)/r^2$) is applicable to all cases of gravitational attraction between bodies, in all places and times.

Nonetheless, despite being in contrast to scientific modes of knowing, common sense can be appreciated as a legitimate form of knowledge. It is an accumulation of a practical, shared, experiential knowing concerned with successful living in a particular place and time. In a different place and time, common sense takes on a different character: What is 'common' in a particular cultural, historical and environmental context and to the people who live in it, may appear exotic and strange to those who live in other worlds of common sense. For example, what is common sense for a Cree Indian hunting for food in the snowscapes of northern Quebec has no relevance for an Australian Aborigine intent on survival in the Australian desert; and both of these forms of common sense are in startling contrast to the common sense of the modern urbanite wheeling a trolley through the aisles of supermarket in a city mall. In none of these instances is there need for a theory of the planetary movements within the solar system. Their experience of seasons or the

established pattern of modern commerce provides them with sufficient predictive capacities for knowing the movement of game, the growth of plants, or where food can be bought. The skills in design and construction, say, of traps, weapons, motorcars and the use of credit cards have come from insights accumulated over time, and are related to the practical problems of survival in a particular environment. Similarly, in the cooking and eating of what is caught, grown or bought, each population will have a store of common sense knowledge and wisdom to be passed on to successive generations.

The language of common sense, unlike that of science and mathematics, does not need to be of a technical or specialist character. Nor is common sense itself particularly interested in speculation about why or how things are, or is it interested in general or universal explanations, though at times it may attempt to provide them, particularly in a time of crisis, for example, when food is scarce, or petrol prices are increasing. For common sense is intent on practical action and successful living. Experience has taught that conditions change and that new ways of coping might be necessary if one is to successfully adapt to ensure survival in new situations. All this leads to the conclusion, in the present context, that management practice is itself a specialised form of common sense.

What we wish to emphasise is that both science and common sense utilise the same structure of knowing. But they are oriented to different ends: in the one case, the intention is to understand how and why things work; in the other, to guide practical living. For our purposes, we note that stakeholder theory may not interest a director who sees the firm in terms of making money. Nor, for that matter, will the intentionality analysis we have employed be of urgent interest to a manager who wishes to get on with the job in hand. Such theoretical considerations may, in fact, sometimes appear to be opposed to the prevailing common sense, or, at least, quite

irrelevant to it. Managers, well established in the worlds of common sense, will predictably be suspicious of any theory that does not offer immediate practical benefit. The opposite is also a possibility: Executives might uncritically accept some new theory of management when it superficially appears to agree with habitual common sense, and so to promise immediate results, such as offered by the theory of efficient markets, or by agency theory that aligns their interests with those of shareholders.

While excessive theorising will be rightly resisted, clarity concerning the kinds of knowledge available and the processes by which it is attained is of increasing relevance to management especially in today's common sense world in which information-processing, 'knowledge' management tools, such as computers, databases, the internet and communication systems are ubiquitous. Without some 'shareable' and precise language, terminological and conceptual confusion results. A critical appreciation of what today's sophisticated technologies can realistically deliver will be impossible.

In the account we have been presenting, genuine knowledge is a compound of activities related to attending, understanding and judging. When this is recognised, it becomes clear that knowledge is not reducible to a set of marks on paper or dots on a computer screen. While such communications are not knowledge in the complete sense, they deserve one's attention. They represent the data on which the activity of intelligent understanding turns. Nor, for that matter, is knowing complete simply by understanding the meaning of the marks on the paper or the dots on the computer screen, however elegantly arranged. For one cannot defer the question: "Does the meaning, so represented, lead to a true grasp of the realities concerned, that is, to the act of judging?"

## 5. KNOWLEDGE—THE CRITICAL FACTOR

In addressing such questions regarding knowledge and the process of knowing, Nonaka and Takeuchi have argued that knowledge is the most critical factor in the world of modern management.[17] They distinguish western and Japanese approaches to knowledge, and illustrate their argument with examples of Japanese innovation and industrial success. They do not claim to know what knowing is, but discuss the Western philosophical tradition from Plato to Satre, offering many contrasting theories about knowing that have arisen within that tradition. Their exploration of the Japanese intellectual tradition, as distinct from its Western philosophical counterpart, binds together three strands in its vision: the oneness of humanity and nature, the oneness of body and mind and the oneness of self and other.[18]

However, Nonaka and Takeuchi, in spite of their broad and comprehensive account of epistemological methods, do not reach any definitive conclusion on what knowing or epistemology is. On the other hand, their approach converges to a large degree with the epistemology of Lonergan to which we have been appealing through this study. There is, of course, no explicit statement on their part on this convergence; but still, what is implicit in their approach provokes further comment.

The implicit epistemology of these Japanese authors converges with Lonergan's approach in the following four ways. First, they carefully collect the data regarding Western and Japanese traditions. Secondly, based on this data, they offer an

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[17] Ikurjiro Nonaka and Hirotaka Takeuchi, *The Knowledge-Creating Company* (New York: Oxford University Press, 1995).

[18] Lonergan achieves a similar integration in his metaphysics, in his notion of being.

explanatory account of implicit and explicit knowledge, and in this, they communicate their insights into trends, contrasts and emphases in the two traditions, but without making definitive judgments at this point. Thirdly, in order to verify their interpretation, they present a number of well-illustrated cases, in particular, the instance of the development of a home bakery to show how tacit knowledge is converted to explicit knowledge. Fourthly, by withholding a definitive judgment, they give evidence of lack of reflection on the method guiding their investigation, in that it cannot come to term as a statement of the realities concerned. Throughout their investigation of knowledge management, they draw on Michael Polanyi's distinction of two kinds of knowledge—tacit and explicit. Polanyi's model seems to fit best with their juxtaposition of western and Japanese traditions, and appears to offer a synthesis taking the best of both. They define explicit knowledge as "processed by a computer, transmitted electronically, or stored in data bases".[19] In contrast, they define implicit knowledge as highly personal, not easily expressible, hard to formalize, difficult to communicate and share with others. It is made up of subjective insights, intuitions and hunches rooted in an individual's action and experiences, as well as in personal values, ideals or emotions.

Nonaka and Takeuchi do not discuss the roles of insight and inquiry in knowledge, and so fail to identify the components of knowing as we have been presenting them—inquiring, attending, insight (or understanding), conceiving (or formulating), judging and assenting. To that degree, they are not sufficiently attuned to the

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[19] Nonaka and Takeuchi, *The Knowledge-Creating Company*, 9.

intentionality analysis that would have notably helped their case. As a result, they appear to confuse knowledge with its formulation.

Danaher, in highlighting the importance of insight in scientific method, remarks that its role is generally overlooked. He argues that Popper's method of falsification is not sufficiently critical, in that like the methods of the Japanese authors just referred to, it tends to reduce the act of understanding to the way it is formulated, and so misses a vital component.[20]

The philosopher, Daly, has discussed the difficulties ensuing from an incomplete grasp of what knowing is.[21] One component can be so emphasised that the integral compound of the necessary cognitive activities is lost sight of. He compares philosophers and philosophies on the basis of how each performs at the different stages in the process of coming to know. By mapping each philosophy against Lonergan's structure, he provides a means of both integrating and critiquing their specific contributions, while recognising areas of de-emphasis, neglect or oversight.

A similar method applies to Burrell and Morgan in their treatment of management theories that indirectly reflect different philosophies. Their schema is a tool useful in mapping different positions so as to compare and contrast them. For example, as we saw in Chapter 2, along the axis of the polarities of the subjective and the objective, different philosophical and epistemological systems can be located. Lonergan,

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[20] William Danaher, *Insight in Chemistry* (Lanham MD: University Press of America, 1988), 88-89.

[21] Tom V. Daly, "Rediscovering Philosophies through Cognitional Models," in *Australian Lonergan Workshop*, ed. William J Danaher (Lantham: University Press of America, 1993), 141-167.

however, does not contrast the subjective and the objective as polar opposites, but correlates them. To be genuinely objective demands the fullest activation of one's subjective capacities. The more we are attuned to the data of our senses, the more we let the imagination play and the more the intelligence raises questions and considers the most probable evidence, the more objective our knowing is likely to be. As he puts it axiomatically, "Genuine objectivity is the fruit of authentic subjectivity".[22] Where Burrell and Morgan's schema is a static conceptual tool designed for classification, Lonergan's notion of intentionality is dynamic, and allows for a variety of different methods in addressing complex situations demanding change. Whereas Burrell and Morgan include in their schema a second axis with the polarities of "Radical Change" as opposed to "Regulation", Lonergan's method would be located at the "radical change" end of the axis, for it is premised on the need for continuing inquiry. Yet, at the same time, the structure is a robust, explanatory account of control, seemingly therefore, relevant at the pole of Regulation. Thus, the structure 'holds' the four poles of Burrell and Morgan's schema as integral: stability and change, and subject and object cohere within the structure of intentionality.

We need to emphasise that the intentionality of common sense, as we have been discussing it, is essentially grounded on one's own experience, using this term in its broadest sense that includes all the data available to one upon which one can inquire. But, from this perspective of personal experience and the common sense it possesses, the structure of intentionality may appear as an abstract theory, with no immediate and demonstrable relevance. And the practising manager, therefore, will have no

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[22] Lonergan, *Method in Theology*, 292.

inclination to attend to that area of personal experience that includes cognitional acts. Though Galileo may have required a telescope to demonstrate his theories and mathematics to argue them, the structure of intentionality requires no instruments, mathematics or other forms of reasoning. Yet, it is no less a powerful, verifiable theory. It requires nothing more than the exercise of one's own powers of attentiveness, questioning, understanding, reflecting, deliberating and deciding.

**Mistakes, Oversights and Flight from Understanding**

We do not deny that mistakes and oversights can occur. Any achievement of knowing is a compound of three activities: the gathering of data, the breadth of understanding and the comprehensive effort involved in judging the adequacy of one's understanding in relation to the data. The cognitive achievement can be compromised in any of its three components: if insufficient data is gathered, if understanding (and its formulation) is deficient, or if judging is made without asking all relevant questions.

Mistakes can and do arise. Unless one is radically open to this possibility, any impression or judgment might be taken as true. Truth can be attained only by verifying that one's presumed understanding is correct, in that it fully explains the original data. Having arrived at what one considers to be a true judgment, one is understandably reluctant to keep on revising it. For the nature of judgment is such, that unless compelling evidence is presented to the contrary, or new understanding enters to provide a more coherent explanation of the data, it is intrinsically unreasonable to abandon what has appeared as the truth of the given situation. However, a more fundamental openness to new data may lessen any possible rigidity. If certainty appears to be unfounded, or if commitments to particular courses of action need to be modified, the original judgment can be further qualified.

Openness lies at the heart of the minder-matrix, and permeates the responsive skills it gives rise to. For openness requires willingness to question one's own judgment—or to have it questioned by others if it appears deficient in some way.

The Law is not lacking examples of mistakes and oversight. One example is an Australian case concerning the disappearance of a baby girl, Azaria Chamberlain, at Ayres Rock in Central Australia, in 1980. A judicial inquiry concluded that a dingo took the baby. There remained some uncertainty about the evidence at hand, and also, rumours had persisted in the community that the Chamberlains were involved in some bizarre religious practice. In spite of the Inquiry's findings, Azaria's mother was later charged with murder and found guilty. One piece of evidence that helped to convict her was a scientist's analysis of a particular chemical substance found in the family car, which the scientist claimed to be Azaria's blood. Several years later, further analysis revealed that this material was not blood, but a "sound deadener" sprayed on during the manufacture of the car. Also, a baby's jump-suit, Azaria's, had been found in the vicinity of a nearby dingo lair. The conviction was overturned on the basis of this new data, and Mrs Chamberlain was released from prison.[23]

The tension involved in challenging an established judgment of what is true is common in science. Kuhn observed that, in relation to scientific knowledge, an inherent resistance to revision exists. The Nobel Prize for Physiology or Medicine awarded in 2005 to the two Australian medical scientists, Barry Marshall and Robin

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[23] John Bryson, *Evil Angels* (Rydalmere: Sceptre, 2000).

Warren, was based on a discovery they made in 1981.[24] But it took several years before the medical community accepted it. The pharmaceutical industry was perhaps more systemically resistant, for the discovery threatened a profitable line of acid-suppressing drugs.

Common sense knowing, also, has its own proclivity in resisting revision. For common sense holds to be true that which has proved to be effective. Puzzlement and confusion result when circumstances change, and unless there is an openness to revise one's habitual judgments, the old ways remain in possession and the required adaptation cannot occur. Resistance to change is a widespread phenomenon in organizational life. It is often interpreted only as a negative factor. But resistance may be appropriate if the suggested change lacks evidence. Ideally, this tension brings forth dialogue between proponents of the different views; but this will only lead to a successful resolution of the conflict when conducted in accord with the norms of attentiveness, intelligence, reason, deliberation and responsibility.

## 6. SUMMARY AND CONCLUSION

In discussing the core skills deriving from and serving the structure of intentionality, we have indicated the 'self-minding' that is necessary in their skilful deployment. Further, with the development of such skills comes a growth in capability—where neglect in this regard leads to a decline or loss of potential. The development of these

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[24] Martin Van Der Weyden, Ruth Armstrong, and Ann Gregory, "The 2005 Nobel Prize in Physiology or Medicine," *The Medical Journal of Australia* 183, no. 11/12 (2005).

skills is a kind of fundamental self-creation as an intelligent and responsible agent, undertaking the task in hand and promoting the developments that are required. Indeed, the virtues or vices that facilitate or impede our capability have their genesis in the development or neglect of these core skills. Good moral character, independence of thought, integrity and honesty, all alike reflect the manifold structure and dynamics of intentionality. Thus, an appropriate humility consists in allowing oneself to be under the sway of compelling evidence, whatever its origin. Patience enables us to wait until all relevant questions have been asked. Integrity demands that no decision be made unless the situation is properly examined and investigated and then that one's decisions and actions are in line with one's knowing. On the other hand, to use management terms, "walking the talk", before the "talk" has formulated a correct judgment, undermines all honest proceedings, just as arrogance would distort any situation by making one's own experience or convictions the only court of appeal, and so block the flow of relevant questions.

Solomon identifies 45 virtues relevant to management.[25] Each is derivative of a competency or of a set of competencies linked to our structure of intentionality, IAM. For example, he describes "attentiveness" as listening, understanding and getting it right. In other words, his term includes our first three levels of attention, understanding and judging It is possibly closer to our 'mindful' attentiveness. He identifies "integrity" as a synthesis of the virtues, suggesting a holistic view of ourselves. In this way, his notion of integrity would align with ours, with that of authenticity.

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[25] Solomon, *A Better Way to Think About Business—How Personal Integrity Leads to Corporate Success*.

As already mentioned, Kegan and Jaques, in their respective schemas, attempt to lay out a blueprint of cognitive development. But Kegan, in relation to the fifth level of his theory of cognitive development, knew of no individual example as evidence to support his model! In contrast, Lonergan approaches cognitive development on the basis of one's immediate experience of consciousness. His intentional analysis reveals a robust structure replicated in all human intentionality, and which underpins all human development. For this reason, it is of special value to be able to identify its essential characteristics and to be mindful of the creativity and control in all areas of activity. We introduced our discussion on intentionality in Chapter 2, by reference to human knowing and doing. Flanagan reminds us that knowing is also doing. This paradoxical conflation finds its resolution in the integral nature of the mind and of its role in self-making:

> ..we do not ordinarily think about knowing as 'doing'. Walking and working are examples of 'doing', but knowing is assumed to be an internal, mental activity that is often contrasted with external exercise. However, it is important to think of knowing as something that you 'do' because in knowing what you 'do' is your self. Knowing is self-making.[26]

In the next chapter, we lay down further building blocks of organization and governance in our discussion of the intentionality of communication and its role in relationships and trust, in effective groups and teams, and in organizational culture and conversation. These building blocks, we might say, are further differentiations of the structure of intentionality. Lying beneath the increasing complexities of human interactions and arrangements, this structure provides, in its innate simplicity, a sure

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[26] Joseph Flanagan, *Quest for Self-Knowledge* (Toronto: University of Toronto Press, 1997), 134.

'map' by which all human affairs might be more effectively managed and directed. But such a task requires first, that one knows oneself.

# CHAPTER 5: COMMUNICATIONS, TRUST AND COOPERATION

In the previous chapter, we treated of the set of skills related to the four-levelled structure of conscious operations with particular emphasis on their mindful deployment. In this chapter, I will examine the nature of communications as an integral 'product' of the structure of intentionality. This includes looking at the nature of trust and cooperation—the basic building blocks of organization and its governance—and particularly as manifested within teams and groups. Accordingly, this chapter will be presented under the following six headings:

1. Features of Good Communication: The Conversational Mode
2. Circles of Meaning
3. Insight in Communications
4. Communication as Cooperation
5. Trust in Communications
6. Communications in Teams and Groups

## 1. FEATURES OF GOOD COMMUNICATION: THE CONVERSATION MODE

Practical human living cannot exist without communication if it is to be genuinely collaborative. Communication between those involved presupposes an interactive presence in a shared space, to exchange information, discuss ideas, reach agreement,

debate points of view, make decisions and coordinate action. In this open field of communication, directors and executive management, in giving leadership within the enterprise, can ask questions, find out what is going on, negotiate, give instructions, delegate tasks, review outcomes and so forth. Staff can take up the task at hand, discuss common problems and organize amongst themselves how to proceed. The most obvious form of this open field of communication is conversation.

However informal it appears, conversation across an organization presupposes a shared language, a shared culture and familiarity with the particular contexts so that all concerned are 'on the same page'. In this most familiar form of communication, conversation is the outcome and development of a shared intentionality, for it occurs between living and conscious human subjects. In such an interpersonal exchange, there are no impersonal objects to be manipulated at will. Accordingly, I wish to draw special attention to four features of communication and of the conversation it promotes. I note that conversation in the management literature is a topic that is seldom addressed directly. But, as we shall see towards the conclusion of this chapter, under the heading of Communications in Teams and Groups, conversation evidently affects the approaches of the three writers we consider, namely, Belbin in his analysis of team roles, Janis in his examination of groupthink, and Kegan in his treatment of the way we talk.

First, there is presupposed a prior intention of all parties to communicate. This readiness to communicate manifests itself, at least, in implicit openness and receptivity. It will mean recognising the other, not as a projection of oneself, but as genuinely 'other'. Not only does each of those involved in the field of communication possess an individual experience, talent and sense of responsibility, but also, each has formed a judgment on the capacity and willingness of the other, or others, involved to participate. This kind of mutual evaluation, however implicit,

affects the level and detail of the discussion. In other words, an assessment of 'where the other is at' is a requirement in any serious communication. For instance, if language and cultural norms are not shared, communication is necessarily limited. Some assessment of the limits to the possible communication is necessary, especially if there is evidence of stubborn bias, prejudice, ignorance or lack of acumen on the part of those with whom one is in communication. All parties in such situations need to be 're-minded' of the ever-present necessity of being intentionally open and attentive if good communication is to occur. This includes the mindfulness of the communicator if he or she is to communicate tested judgments to the larger group, and not merely subjective hunches, let alone manipulative behaviour to 'get one's way' despite the complexities involved.

Secondly, a conversation involves a meaningful exchange. It cannot exist without the 'asking of questions' that lies at the heart of inquiry. It presupposes that those involved will show the requisite attentiveness to the data, along with the effort to understand it and assess the evidence that it suggests. Obviously, too, it will mean shouldering the responsibilities of making a decision and taking appropriate action. At this juncture, the communicators' core competencies, skills, personal development and practical experience come into play. It will mean keeping the object of communication in mind, as well as the way that those involved can contribute to its practical realisation.

Thirdly, a conversation has its own particular dynamics. It anticipates an eventual agreement along the main lines of what is being considered. If this is to be the outcome, a genuine conversation cannot suddenly be stopped, but must be allowed to unfold into ever-larger contexts of meaning and possibility. In this case, the perceptions and insights of each of the participants are then brought into fruitful contact as all move in the direction of what is not yet fully comprehended or

implemented. A conversation marked with such openness means being 'on the lookout' for opportunities to move into a larger frame of reference. In this way, conversation may unfold through different stages in realising its objective. The interactions that take place add value to the contribution of each of the participants. It invites them to a fuller understanding of any project and to a more effective implementation of the task in hand.

Fourthly, conversations must end. The more crucial the issue, the more are conversations, in some sense, 'ongoing'. Yet, on the other hand, decisions must be reached and taken. Endless conversations can obviously be nothing more than a pathological reluctance to take responsibility for what needs to be done. But each kind of focused conversation, because of the development it has promoted in those who have participated in it, can be the fertile ground, in its style, content and orientation, for any future conversation. Still, a 'mindful' protocol of closure is needed. It will include an evaluation of what has been achieved and of what will be required, if future conversations are to be fruitful. Likewise, it will reflect on the quality of mutual trust and affirmation that has been in evidence, and how this might be further promoted. While these protocols of closure may be largely implicit, on closer examination, they may reveal widely held values and assumptions related to the good of the organization and its role in society. I will deal, in the last section of this chapter, with Kegan's treatment of value-elements structurally embedded in the communication taking place within organizations. Also, in the earlier section on trust, I will take up Melchin's fuller discussion of conversation within a commercial exchange as indicative of a larger notion of social value.

I have, with these remarks, pointed to the qualities of conversation as a radically human element in the communication necessary in the governance of organizations. I have highlighted four features of conversation: prior intention, meaningful

exchange, open-endedness and closure. In these respects, conversation is of fundamental importance in the governance of any organization, and at every level—board, executive, management, supervision and operations. The individual or the management team, who have positively recognised the effective value of conversational communication, will be well equipped with the skills of self-management, team-minding and effective leadership.

## 2. CIRCLES OF MEANING

Communications, in the larger sense, are correlated to communication of each of the four levels of attentiveness, intelligence, deliberation and decision. Such levels of communication make cooperation a reality.

As already implied, communications occur within a field of shared expectation. In this regard, the communicators can never stand apart from wider circles of reference, such as relationships to stakeholders, and the formal agreements that establish the organization in the first place, and the expectations of society as a whole. For instance, the collapse of Enron and, subsequently, of its principal advisor, Arthur Andersen, began when a significant group of stakeholders withdrew their trust and proceeded to terminate their relationship with the organization. This precipitated a further withdrawal of confidence on such a scale that neither organization could function any longer.

Enron's collapse sent a virtual tsunami wave across institutions and social arrangements, causing widespread disruption and affecting such areas as government regulation, practices of governance, teaching of business studies—hence

Ghoshal's concern—investor strategies, life styles and career choices, to name but some.

Although I have made mention of conversation as of fundamental importance to communication, I do not thereby imply that it is a soft option in any way. Such conversation must occur within a framework of available data of, for example, accounting reports, legal advice, industry analyses and so on. Accountants, for example, as trusted professionals, make decisions regarding the structure of accounts, the allocation of costs and the ownership of assets. These decisions, in turn, affect the presentation of data and the understandings, judgments and decisions that feed into the organizational conversation. Without its underlying fabric of trust in professional honesty and competence, any conversation will be inept and misinformed. Enron began to unravel when trust was undermined not only in the integrity of its accounting structures and reports, but also in the integrity of its auditors, Arthur Andersen, and it continued in its collapse following the persistent probing of an investigative journalist.[1]

I have been emphasising that the structure of intentionality underlies all communication and the conversation it gives rise to. As already mentioned, the structure of intentionality is the basis of all value-adding and change for the better. In the case of Enron and the cascading effect of its collapse, there was revealed a vast network of interconnectedness across the whole of society. Enron, itself, had been attempting to introduce new forms of energy trading, the effect of which challenged

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[1] Bethany McLean, of *Fortune* magazine. Her story is recounted in the film Enron: the Smartest Guys in the Room and referred to in Loren Fox, *Enron: The Rise and Fall* (Hoboken NJ: John Wiley & Sons, 2003), 242.

existing industry arrangements, such as distribution networks, maintenance schedules, pricing structures and so on. Change initiated by one organization stimulates change across many, and has the capacity to shape a new social agenda, for better or for worse. On this topic, in making sense of changes and impacts on the circles of meaning, Lonergan contributes a valuable notion that he termed, "emergent probability".

To speak in the most general terms, the concept of emergent probability seeks to offer an explanation of how change occurs in any number of situations. For change affects realities of all kinds—living things, systems, cultures, societies and the evolutionary universe itself. The concept of emergent probability, therefore, is applicable to such different matters as the planetary system, geological formations, the weather, biological growth, the operation of the mind, knowledge, economics, even to history itself. The totality of the world is itself an example of emergent process. It includes an unimaginable series of interconnected developments, together with the integral connection of the human mind that seeks to understand what is going on, and the ways in which it formulates its knowledge of what is happening. But the point is that each instance of development has arisen at a particular time and place, and under particular conditions that favour the probability of its occurrence. But no scheme of probability is self-enclosed or an end in itself, for each, in turn, establishes new sets of conditions for other schemes to emerge, and so on. As I mentioned above, one good conversation makes it more likely that others can occur in the future! To understand the probabilities of change, four complementary methods need be applied: the classical, the statistical, the genetic and the dialectic.

In Chapter 6, I will discuss these methods in relation to change, and how they address Ghoshal's difficulties on this matter. In his discussions of Enron and the deficiencies of management theory, Ghoshal drew on Elster's typology for handling

change in terms of causal, functional and intentional categories.[2] He was commenting that Ester's typology needed to be revisited within social science. As Lonergan's four methods differ from Elster's, we will return to this topic of method and change in the next chapter. Suffice it to say at this point that change, in terms of emergent probability based on schemes of recurrence, is related to the structure of intentionality and to the control of any development that it introduces into the structure of the organization. We shall examine how communications, as expressions of the structure, constitute the necessary conditions for the emergent scheme which we call "organization". For the moment, we will return to the topic of insight and the role it plays in communication.

## 3. INSIGHT IN COMMUNICATIONS

Communication aims to share, not confusion, but insight and intelligence. Though insights, judgments and decisions have their own reality-shaping force, these mental acts are not 'seen' as objects to be displayed in any normal sense. No one has ever 'seen' an insight, a judgment or a decision, nor has anyone 'seen' the structure of intentionality, which is an insight of a higher viewpoint.[3] Still, these can be formulated and expressed; otherwise, they could not be shared. I want to turn now

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[2] Ghoshal, "Bad Management Theories Are Destroying Good Management Practices," 78.

[3] Mintzberg makes this point of no-one ever "seeing" a strategy, and focuses attention on the intellectual work required to develop them. Henry Mintzberg, "The Strategy Concept I: Five Ps for Strategy," *California Management Review*, no. Fall (1987).

to examine this connection between insight and its formulation, the better to highlight the central role of insight in communication.

Though insight as a mental act is invisible, as we have just mentioned, it can be expressed either in words or some appropriate code. In order for the insight to be communicated, others must be familiar with the language or code in question. If an insight is totally novel, expressing it may present a problem—language or previous modes of expression may be so strained that new formulations must be devised. But if this new formulation is used inappropriately, it may eventually lose its capacity to convey the original meaning. Here, the importance of a shared culture is of the utmost importance if a communication of novel insights is to be effective.[4]

The account, given by Jessica Rees, of her discovery of words as carriers of meaning, highlights the distinction between word and insight. She recalls how, as a young deaf

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[4] Note that in this account, the formulation does not, of itself, guarantee the transmission of insight. A skilled formulation may facilitate the emergence of insight. It may evoke other unrelated insights. On the other hand, it may be totally misconstrued; it may not even reach its mark. There are many conditions which attach to the successful transmission of insight, which we here call communications.

Our use of the term "communications" is broader that its use in other areas, such as in engineering. There, it refers to the generation, transmission, receiving, processing and transformation of electrical or electromagnetic code derived from some empirical source – sound, image or measurement of some kind in time and space. In this sense, engineering systems may extend our capacities, empirically speaking, to generate, transmit, capture and process data, but they remain neutral with respect to insight and meaning which emerge transcendentally within consciousness. Nevertheless, the *design* of such systems draws on all methods of analysis: classical, statistical, genetic and dialectic. The technical aspects of a telephone system, for example, operate on the basis of classical and statistical laws - the design of electronic circuitry follows classical law relating voltage and current; the specification of its capacity and technology is based on probabilities of use and growth, including the genetic development of new technologies and their likely impact; the system's marketability depends on dialectic factors, such as competing in the market place and negotiating successfully with regulators.

girl celebrating her fifth birthday, the number "five" had been represented to her in a variety of ways: her birthday cake was in the shape of a hand with five candles on the fingers and thumb; the number "5" was written, along with the letters "F I V E" and the image of a pair of lips partially opened. Something stirred inside her…. She writes:

> Suddenly something clicked. I Jessica Rees was *five* years old. 'Five' was also the number of fingers and thumbs I had on each hand. I had *five* nails and each candle showed one year for each year I had lived making *FIVE* in all. These figures were *the same as* the word 'Five' written by the side – it was just a different way of presenting a word. The word 'five' *did* have a meaning. I had *five* fingers, *five* nails, I was *five* years old…. Suddenly it was if somebody had turned the light on in a dark room….. I stood rooted to the spot in this sudden flash of realisation. I felt as Helen Keller must have felt when she stood at the pump while Annie Sullivan operated it and water gushed all over her hands.[5]

Rees is reporting on her personal experience of the transformative, yet elusive, character of insight, and its critical role in grasping meaning. She alluded to the various conditions within which insight emerged, namely the various stimuli, images and events, including the birthday itself, each of which carried the idea of "five". After a stirring inside, "suddenly something clicked". A transformation of consciousness occurred. New feelings were released, and new energies were directed to learning the connections between things and people. In quite another context, Kegan, in his researches into adult development, also came to recognise the central role of insight. In the following passage, he refers specifically to the difficulty of sharing an insight with others:

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[5] Jessica Rees, *Sing a Song of Silence* (The Kensal Press, 1983).

> Insight cannot be taught or learned, but the consciousness that gives rise to insight can be developed. Trying to teach insight without transforming consciousness is like trying to create apples without growing trees. [6]

Kegan uses the term "transforming consciousness" in a particular way. It reflects his hypothesis that five mental transformations occur in adult development. These relate directly to a person's capacity to manage the demands of modern life. In this respect, Kegan's idea of transformations has some similarity to Lonergan's notion of conscious intentionality, and the imperatives of self-transcendence and the shifts of horizon to which they give rise. Likewise, his treatment of conversation, in relation to some seven languages of transformation, link the variety of individual expressions to complex, underlying mental structures. Kegan maintains that an appropriate foundation must exist within the person for insight to occur. The more complex the insight, the more developed must be the foundation. This is self-evident within education, particularly within the field of mathematics and science. It applies equally to fields of common sense. It applies most critically in self-development, in the task of personal transformation and growth. Lonergan specifies the necessary conditions for such insights to occur, whatever the context:

> The occurrence and the content of sensation stand in some immediate correlation with outer circumstance. But with insight internal conditions are paramount. Thus, insight depends upon native endowment, and so with fair accuracy one can say that insight is the act that occurs frequently in the intelligent and rarely in the stupid. Again, insight depends upon a habitual orientation, upon a perpetual alertness ever asking the little question, Why? Finally, insight depends on the accurate presentation of definite problems. [7]

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[6] Kegan, *In over Our Heads: The Mental Demands of Modern Life*, 128-129.

[7] Lonergan, *Insight*, 29.

Consciousness is multiform. It contains the plurality of states and modes, which accompany it at any time, including previous associations and achievements. This whole manifold of interior experience can never be fully accessed in any given moment. Nonetheless, it is always a tidal movement beneath every communication and conversation that may take place. The self-mastery and creativity of the communicator are enhanced by an ongoing process of 're-minding' at every stage of listening, understanding, judging, deciding and formulating what is to be communicated. Furthermore, this 're-minding' process bears directly on the quality of the contribution one makes to the conversation: it brings sharpness to one's attentiveness and a reflective solidity to the judgments that are made.[8]

We cannot but agree with Kegan at this point. The task of transforming one's own consciousness is primarily one's own. Nonetheless, others can facilitate it. In such a transformation or development, particular insights and a succession of higher viewpoints are essential to keep the process moving forward. Unlike sensory stimuli, insights do not saturate consciousness, but open it for more. For there is always more to be understood and realised—an experiential phenomenon which Daly noted that Aristotle clearly recognised in his *De Anima*.[9]

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[8] Kegan explores this process from his perspective on problems that arise when levels of consciousness differ between persons and on how to ensure one's own personal authenticity in such a situation: Kegan, *In over Our Heads: The Mental Demands of Modern Life*, 137-197.

[9] In T.V. Daly, "How Lonergan Illuminates Aristotle," in *Australian Lonergan Workshop*, ed. William J. Danaher (Langham: United Press of America, 1993)., Daly explores how Lonergan's intentionality analysis sheds light on Aristotle's discussion of thinking. In *De Anima,* Aristotle writes, with Daly's terms in brackets, substituting *understanding* for "thinking"; and *intelligence* for "mind". "For the sense loses sensation under the stimulus of a too violent sensible object; e.g., of sound

Communication presumes consciousness, of oneself and others. Through communication, the "transformation" (in Kegan's sense) of one consciousness can be shared with others, and provoke the same attainment in them. The success or failure of such communication depends on the occurrence of insight in all involved. Because insight cannot be produced mechanically as an effect following on a particular cause, there is an inevitable indeterminacy in the process of communication in regard both to its content and its most telling formulation. In this respect, any conversation, as it waits on the occurrence of insight in oneself and others, is marked with a certain drama and tension: analysis, reflection and decision can follow only when matters are clearly understood by all parties. In this way, communication is more than mere occasional talk amongst individuals. It is a public, social exchange for the sake of bringing more light, confidence and direction into the organization. Communication succeeds to the extent that a common understanding, based in a common experience, occurs. In this way, communication is an interpersonal event. Thus, a football final is a communications event in which fans around the globe may participate and unite in shared meaning, particularly in the values represented at the moment of victory. A religious liturgy is a communications event in which people may participate in shared faith commitment. A stirring speech by a leader may unite followers in common vision and commitment. A storyteller may unite the audience in the moment of their shared understanding of a joke. A musical performance enables listeners to enter and share a mysterious world of beauty. But in each case,

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immediately after loud sounds, and neither seeing nor smelling is possible just after strong colours and scents; but when the mind thinks (*intelligence understands*) the highly intelligible, it is not less able to think of *(understand*) slighter things, but even more able;" Aristotle, *On the Soul*, ed. Loeb Classical Library, trans. W. S. Hett, vol. 8 (Cambridge Ma: Harvard University Press, 1935), Book III, iv, Becker 429b421-425.

differences between people in terms of capacity, skill, experience and commitment affect the quality of their involvement in each event and the kind of communication that occurs.

Of the many forms of communications, the interaction of two persons communicating face-to-face is the most common—and the most potentially dynamic. The essential factor is that at least two minds seek to 'connect'. They can do so on the level of experience, such as touch, gesture, or in a shared attentiveness to the data of the situation. They connect on the level of understanding when they share insight into a common experience. They connect on the level of judgment when they agree on the most compelling evidence. They connect on the level of decision when they come to the point of collaborating in a common undertaking.

## 4. COMMUNICATIONS AS COOPERATION

For the most part, interpersonal communications unfold in the interplay of shared understanding and cooperation for the sake of a particular goal. Cooperation may commence tentatively and proceed only with implicit mutual agreement. Further cooperation often follows a communication that is more 'sounding one another out' rather than a commitment to collaborate. In that case, even in the usual banalities of talking about the weather, sport, and so forth, some kind of mutual evaluation is taking place. Questions are implicit, such as: Is the other a worthy partner?, Can I work with him?, Is she up to it?, or Is there a mood of frank and easy discussion here? Such a 'sounding out' and its attendant mutual assessment can then lead to a discussion of what is actually on the mind of the other person involved, and then result in hard-headed negotiation on the possibilities and limits of cooperation in a given field, such as in a commercial enterprise.

The omnipresent technology of the telephone provides a good example of the communication that may lead into a deeper exchange of views and eventual cooperation. One person rings with something in mind; the other answers, usually wondering what this particular contact will lead to. At this stage, both parties are in control of their respective situations, for either can hang up the phone. But then the reason for the call and the kind of person making it, come into focus. A common understanding is promoted, once both parties decide to continue the conversation. Each party remains free to break the connection at any time, for each has his or her own respective expectations and goals. Yet, if the conversation is to continue, it is because a mood of trust has emerged. The conversation thus far has proved promising: something good may come of it. In such a situation, trust takes the form of a disposition of openness to further possibilities. On the other hand, distrust may arise from the impression formed of the other as one unlikely to share any common interest or, if the other appears manipulative in some way, perhaps deceitful or engaged in little more than a public relations exercise. Proceeding is too risky. As we reflect on this familiar experience, it is worth reminding ourselves of the complexity of communication, even in such a seemingly straightforward matter as a telephone conversation. Not only are two individuals in vocal communication through this basic electronic medium, but also they are present to one another in a personal, intentional consciousness. The vocal sounds they employ are not simply signals. They are communications of a polyphonic consciousness in which blend the different voices of experience, inquiry, understanding, reflection and responsibility. If the communication is not to collapse into the cacophony of different parties talking past one another, however implicitly or spontaneously, they must keep in mind the different levels on which such a conversation moves. Thus, if one is speaking about the discovery of new data, a fatal misunderstanding would occur if the other

interpreted it straightaway as a program for immediate action, thereby bypassing the need to assess what the new data means, and how it should be evaluated.

Admittedly, in well-established routines of interaction, communication is generally straightforward. What this points to is that there is a shared common language, a customary frame of reference that is a prior agreement on terms and what they usually mean. But when people attempt to communicate across language and cultural differences, misunderstandings and confusion easily arise that only a skilled translator can sort out. When any attempt at communication is further compounded with prejudice and suspicion, to say nothing of the memory of past machinations of one kind or another, problems intensify.

Thus, communication is open to derailment. It can be terminated on one side or the other. Yet each speaker must depend on the other if the interaction is to be fruitful. There are familiar problems, in a media interview, say, when one party seeks to control the exchange by deflecting questions and persisting with the promotion of his or her own views. In a legal cross-examination, the accused or the witness may seek control by refusing to communicate. Taken to an extreme, silence in this situation may occasion more vigorous kinds of examination, even to the point of torture, in order to 'break' the resisting party. But in more usual kinds of resistance, persuasion is the normal course of action, as is the case with skilled salesman trying to sell an expensive product, or with politicians using all the resources of rhetoric to defend an unpopular government policy. With these situations in mind, it must be emphasised that communication in general, and conversation in particular, presuppose that those involved monitor the exchange and assess the direction it is taking. To the degree communication becomes a science, it must take into account all the relevant data, not only the content of what is being communicated, but also the intentionality of the parties involved, and the manner in which this operates. Here, Lonergan's

intentionality analysis provides a robust structure on which both the science and the art of communications can build.

In the following paragraph, Lonergan pointed out the daunting complexity inherent in the crafting of a communication:

> By way of illustration let us suppose that a writer proposes to communicate some insight *A* to a reader. Then by an insight *B* the writer will grasp the reader's habitual accumulation of insights *C*; by a further insight *D* he will grasp the deficiencies in insight *E*[10] that must be made up before the reader can grasp the insight *A*; finally, the writer must reach a practical set of insights F that will govern his verbal flow, the shaping of his sentences, their combination into paragraphs, the sequence of paragraphs in chapters and of chapters in books. Clearly, this practical insight *F* differs notably from the insight *A* to be communicated. It is determined by the insight *A* as its principal objective. But it is also determined by the insight *B*, which settles both what the writer need not explain and, no less, the resources of language on which he can rely to secure effective communication. Further, it is determined by the insight *D*, which fixes a subsidiary goal that has to be attained if the principal goal is to be reached. Finally, the expression will be a failure in the measure that insights *B* and *D* miscalculate the habitual development *C* and the relevant deficiencies *E* of the anticipated reader.[11]

This account describes the interior activity required to create and control a particular instance of communication and the various acts of understanding that are necessary, that is, the four insights he refers to as A, B, D and F. We have already recognised, in our discussion of skills, the role of minder performing this background control of mental work, specifically here, as gathering the requisite data, allowing for intelligent inquiry, reflecting on the evidence, and proceeding to decisions and

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[10] A footnote in the text comments: "The ambiguous phrase "deficiencies in insight E" occurs several times, the context making it clear that Lonergan is not speaking of insight E, but deficiencies E."

[11] Lonergan, *Insight*, 579.

action. As Lonergan points out, communication cannot succeed unless it proceeds with this intentional matrix in mind at every stage and at every level. Note, in this respect, how Lonergan sees the whole intentional structure leading to responsibility, as well as controlling the process by which it is achieved.

However, one can distinguish further attributes of the minder's role in controlling the crafting of a formulation on the second level of consciousness, from its role on the fourth level 'in and over' the acts on lower levels. Lonergan, in this aspect, places notions of freedom and responsibility alongside self-control:

> The fourth level, which presupposes, complements, and sublates the other three, is the level of freedom and responsibility, of moral self-transcendence and in that sense of existence, of self-direction and self-control. Its failure to function properly is the uneasy or the bad conscience. The satisfying feeling that one's duty has been done marks its success.

Lonergan then goes on to refer to the overseeing function exercised by the fourth level over those below, and what we have called the 'minder'.

> As the fourth level is the principle of self-control, it is responsible for proper functioning of the first three levels. It fulfils its responsibility or fails to do so in the measure that we are attentive or inattentive in experiencing, that we are intelligent or unintelligent in our investigations, that we are reasonable or unreasonable in our judgments. [12]

In all this, the basic point is that consciousness functions as a dynamic whole. To neglect, to hurry or to suppress any of its inter-related activities is a form of self-mutilation that cannot lead to a successful outcome: hence our stress on identifying within oneself the basic template of an integrated intentionality. But this is not for

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[12] ———, *Method in Theology*, 121.

oneself alone. This same template must be acknowledged in others—above all, if successful communication is to result.

A basic condition of good communication turns on how the message received equates to the message sent. Because human communication occurs not between machines but between persons, it is interpersonal and cannot bypass the structured consciousness of either the sender or the receiver. It follows, then, that many activities are going on, or should be going on, in the mind of the receiver. Such receivers, in their various situations and contexts, must first accurately attend to the formulation of the message sent, and not be distracted from it by preconceptions likely to prejudice its correct reading. Secondly, they must try to make sense of what it means. Thirdly, they cannot but deliberate on the truth and value of the message they have received and understood. Fourthly, if the lines of communication are open, there can be a process of feedback in order to make the original message more accurate, more telling and more effective.

## 5. TRUST IN COMMUNICATIONS

An open and interactive exchange is intent on a common goal. It may be quite informal, as with the 'catching-up' of friends. It may also be quite formally determined, with a precise end in view, as in the case of commercial conversations seeking to come to some agreement on the particular value of some goods or services. But in all cases, a larger range of goods, personal and social, is implied. Melchin, a well-known exponent of Lonergan's thought, with a special interest in its

ethical applications, has reflected on the interpersonal communication involved in a commercial transaction.[13] In any such exchange of goods, Melchin identified four stages that keep recurring between buyer and seller: opening, negotiating, contracting, and closing. Each stage establishes conditions for the next to occur and together they establish a highly flexible and adaptive scheme connected to wider circles of meaning and social value. Melchin, taking the case of buying a camera in a shop, reflects on what is involved, especially in terms of trust, and links it to the success of commerce at large. At the outset, when the buyer enters the camera shop, two persons encounter each other in their potentially respective roles of buyer and seller. Each sizes the other up to establish their *bona fides*. Melchin describes this meeting:

> In many cases a nod or a word responding to the other's gesture will acknowledge a shared meaning and will validate the economic relationship. This validation, to one degree or another, requires that each party take the role of the other, anticipate the other's response to a gesture, and watch for confirmation. When this role-taking goes according to expectations it is almost totally preconscious, practically invisible. It becomes conspicuous when expectations are found to be mistaken. Generally, the behaviour of customers and merchants follows custom or convention. But one way or another, this conventional discourse requires that complementary expectations be communicated, that participants engage in some minimal role-taking, and that expectations be confirmed in the response of the other. The suspicion that results when any of these elements is absent is often enough to put an end to any further discussion.[14]

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[13] Ken Melchin, "Economics, Ethics and the Structure of Social Living," *Humanonics* 10 (1994).

[14] Ibid.: 27-32.

In this account, we discern the intentionality operating in each of those involved. A mutually accepted common ground is the basis on which further communication can proceed with a sense of trust on both sides.

Still, there are variables. As Melchin puts it,

> The conversation of gestures and responses can vary depending on the personalities, the cultural backgrounds, or the professional formations of the participants. One way or another, these styles must also 'fit' for the parties to come to an agreement to proceed. Many potential viable transactions have broken off because a salesperson was too aggressive, a customer too demanding, a merchant seemed indifferent, or a customer showed too little interest.[15]

And thus Melchin takes his discussion of the various stages in a given transaction further by linking them with the overall workings of the economy itself.

> Each stage involves the reciprocal exchange of meaning in a set of operations involving gestures, responses, and role-taking towards the confirmation of shared meaning. The transaction is a cooperative scheme involving the two parties' reciprocal contribution towards the achievement of mutual goals which neither could have achieved on their own. And while this scheme has a distinct internal structure and an identity of its own, it functions within a wider series or ecology of schemes, which, together, make up an economy. [16]

The likelihood of continued recurrence of these schemes that underlie and inform a whole economy depends, as Melchin goes on to point out, on each and all of those involved accepting their respective contractual responsibilities. Along with the requisite commercial skills, civility, fairness and honesty also come into play. Such qualities, however, are not purely individual activities or attitudes. Implicit in them

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[15] Ibid.: 28.

[16] Ibid.: 31.

all is a shared responsibility to uphold the social value of commerce. The success of the commercial exchange depends on the recognition of the social process as a good in itself. It has the capacity to deliver worthwhile outcomes to those who participate in it. Thus, the whole scheme, at every stage of its recurrence, is upheld, not only by an ongoing willingness to participate in it, but also by the trust the participants place in it to deliver desired outcomes. The social significance of individual transactions is nicely summed up in the following words:

> Our actions are virtually always contributions to a wider communal or social project involving others. Action is seldom action in isolation. Most usually, our acting is cooperating. Our initiatives are contributions to joint projects, tuned to fit with the contributions of others, fashioned as links within wider chains of actions which bring societal projects from inception to implementation.[17]

The realisation of the social significance of any transaction leads inescapably to considerations of social morality and the ethics that inform it. The values at stake are more than economic. Melchin explains:

> When we consider this cooperative structure of action, the term "value" begins to take on a second meaning. "Value" here concerns the entire set of elements which inform the social character of our actions. Ethics begins with the realm of the personal and the private but takes a second step and moves to the public sphere where action becomes collaboration and individual gestures become cooperative inputs into joint projects of social living.[18]

The ostensibly simple commercial example of someone buying a camera, when considered with countless other instances of buying and selling, constitute the economy. As an essential dimension of social living, it can operate only on the basis

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[17] Ibid.: 23.

[18] Ibid.

of the expectations, which each party brings to contractual activity of any kind. It is based on the personal judgment of all parties that the social and economic arrangement they commit themselves to, be robust and trustworthy. Admittedly, none of those involved can have an absolute certitude regarding the result. Hence, there is always present, however implicitly, an element of risk assessment. Any grounds for suspicion of the potential of the process, at the individual or social level, to deliver the desired goods or services, could mean abandoning it. It is, after all, a matter of making a judgment of confidence, faith and trust that the scheme will follow its normative cycle and that those others who are involved will honour the commitments and roles they have undertaken within it.

Judgment about the trustworthiness of a scheme, and of those involved, precedes and informs each person's decision to participate and engage in the process. Without an act of trust, there can be no basis on which negotiations, decisions and individual commitments can rely. Consequently, there is a continual testing of the trustworthiness of the persons and structures involved in the transaction. The various parties must be alert to any indication of their trust being misplaced. Any commercial structure, even when it successfully operates, can be improved. But its continuance and improvement need the trustful participation of all parties. Of course, deception, not to mention human fallibility of all kinds, is possible. If one waits on some absolute security and certainty regarding the structures and the persons involved, any transaction becomes impossible. However, in the generality of cases, confidence in the trustworthiness of what is going on is upheld both by the achievement of successful outcomes and the reputation of the institutions and persons concerned. If reputations are called into question, trust suffers; and when trust is undermined, the willingness of people to participate is compromised. Such was the case of Enron as an emerging multinational institution, of Arthur Andersen

as a professional accounting firm with global reach and presence and, more recently, of the global financial system, following the 2007 sub-prime crisis in the USA.[19]

Commercial transactions occur in countless forms. The contracting parties may form a business partnership. This can further develop, branch out and change its character as others come on board in the creation of a multi-faceted business enterprise. Whatever direction it takes, it is the initial trust that enables a particular scheme to unfold and develop.

In his analysis of commercial transactions, Melchin appealed to what Lonergan terms, a "scheme of recurrence". This is meant to describe the complex process which unfolds under certain conditions and which recurs when fresh circumstances allow. The conditions specify critical elements present in each stage of the process, so that the successful completion of any stage provides the conditions for the emergence of the following stage. Thus, on a purely physical level, recurring conditions are, for instance, the circulation of water from rivers to cloud, and then to rain and to rivers. On the chemical level, there is the circulation of oxygen through plants and animals. On the biological level, there is the set of recurrences that constitute a food-chain, for example, of the animal and its ability to catch its prey. On the social level, we are familiar with the recurring conditions that are work in the daily distribution of

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[19] This crisis involved the trading between banks of packaged mortgages that included tranches of sub-prime blended with good securities. High fees were involved, but as sub-prime defaults began to occur, the securities rapidly lost value, and trust between banks began to disappear. Due diligence had, in many cases, been neglected, even by some prominent financial advisory firms that had given AAA ratings to the securities. Banks began to distrust each others' capacities and lending between them virtually stopped. Governments then felt impelled to spend hundreds of billions of dollars, to prevent the system suffering melt-down.

newspapers, the election of a government or the implementation of a taxation system.

Now, each such cycle of conditions can be described as a "probable system on the move". We say, "probable", because the conditions necessary for any stage of the process to occur do not take place with an absolute necessity, but are exposed to all kinds of contingencies: drought, fire and floods can interrupt any life-cycle. Sudden fuel shortages can disrupt industry and transport. Strikes can affect the production of the daily news. Still, there are schedules of probability that all life and industry learn to live with. In other words, this order of probability is sufficient to be named as 'system', for it has a cyclic character. The wheel of the system keeps moving forward, and is not stuck in a rut. It is not something, once and for all time, fixed and immobile; it is 'on the move', and hence open to the forward movement of innovation and modification.

Commercial exchanges too are "probable systems on the move". Yet now we must recognise that there is an intentional element involved, for these do not take place unconsciously, but consciously. They do not occur outside the world of intention and meaning, and represent the interior dimension of what is taking place. In other words, a commercial exchange has the characteristics of a meaningful communication. For instance, a set of intelligible expectations on the part of the buyer and the seller underlie and direct the commercial transaction in question.

This interior, underlying dimension finds expression in the external realm of language, in the formulation of agreements, and in the goods that are exchanged. The presumed recurrence of certain conditions enable both parties to move on to a mutually satisfying result—hence, the importance of mutual trust and confidence in the good will of those involved in the transaction. Despite all kinds of regulatory

structures, it remains that there is no ironclad guarantee that all parties have acted in good will. A happy outcome is not predictable as an absolutely necessary result, but retains an element of probability. Fortunately, this kind of probability, on which the complex negotiations of human activity can be based, is supported by an intricate network of interaction and of types of probability extending through the length and breadth of all society and its institutions. Indeed, it can be said that one becomes competent in an organization, and even in society at large, by learning how to operate, with a sense of proportion and discrimination, within a complex web of probabilities. Any change that disrupts the cycle of probabilities requires the learning of a new routine. Some patterns of activity are fixed by rule and convention—and, thus, as far as possible, narrow the range of variations that may arise from individual initiatives. For example, in traffic management in Australia, one drives on the left side of the road, and in entering a roundabout, gives way to those coming through on the right. But other patterns, such as internet selling, develop through adaptation and innovation. Still, in every case, the presumption of probable outcomes underpins all human activities. If this sense of probability is lost, any scheme of organization is likely to become set in its ways and incapable of moving forward by adapting to new circumstances.

We have discussed the central role of trust in interpersonal communications. Trust is necessary, since we are not dealing with a purely mechanical process, but with a transaction between persons. If it is truly between persons, intentionality cannot be ignored. Yet all parties are involved in a system of recurrent probabilities. Anything that supports the mutual trust demanded is good for the overall system; anything that undermines trust has profound economic and personal consequences. For that reason, we now move to a consideration of trustful team-communication.

## 6. COMMUNICATIONS IN TEAMS AND GROUPS

Belbin, in his analysis of successful team performance, refers to what he terms, "role and role preference". His account identified eight team roles. These can be usefully correlated to the structure of intentionality, IAM, to which we have been appealing. Janis, by studying catastrophic outcomes in decision-making, developed the concept of "groupthink", and suggested ways in which it can be overcome. Here, too, we will note the parallels with the approach we have adopted in this investigation, especially in the emphasis we have placed on the full deployment of intentionality. For his part, Kegan, as already cited, and in line with our remarks so far, examines the vital role of conversation in the improvement of organizational culture and performance. I will endeavour to show, therefore, how the structure of intentionality can be applied to each of these cases, and how its expression can be further clarified.

### Belbin's Team Roles

Belbin bases his theory of team roles on two kinds of empirical data.[20] The first is found in his observations of executives working in teams to solve business problems; the second arises out of three psychometric tests administered to each team member, namely, the Watson Glaser critical thinking test, the 16 PF, and a personality-type preference questionnaire. He proceeds by correlating his observations of behaviour against the measures of intelligence, emotional factors and personality-type preferences derived from the three tests. Thus, he develops a theory of eight team role preferences described below. As a result, each individual can be classified with a

[20] Belbin, *Management Teams*.

distinctive profile of role preference. When these various role profiles are clarified, the performance of any particular team can in some measure be predicted and compared to others. Belbin goes on to describe different team types on the basis of different combinations of roles. A balanced team, for example, had all eight team roles represented in appropriate measure. The more the differing profiles of the team members are clarified, the more it is possible to diagnose dysfunctional aspects of team performance, to offer corrective strategies to improve performance, and to counsel individuals who have not performed well because of their respective role preferences.

In this context, a role preference denotes a set of skills developed over time. It can be improved or adjusted with appropriate counselling. Any one member may be quite deficient in some roles but be proficient in others. A clear knowledge of one's profile in this regard makes for a more informed contribution to the team as a whole. By observing the performance of other team members and other teams, any strengths and weaknesses are clarified by comparison and contrast, so that appropriate remedies for any major deficiencies can be applied.

Based as it is on observation of teams and of psychological profiles of the individuals involved, Belbin's theory implies normative criteria for team performance. Good data, original ideas, critical thinking, orientation to action, and effective coordination, for example, contribute to the effective performance of the team in question. He draws attention to a particular role which he calls, Plant, that is, the contribution made by zest and original ideas. If a team lacks a Plant profile, its performance is invariably poor; but with the originality and imagination that a Plant contributes, the team's performance is significantly improved.

Along with the Plant contribution, Belbin specifies a number of other roles. They are: the Monitor Evaluator (the source of critical analysis), the Complete Finisher (whose contribution is attention to detail), the Shaper (the source of the drive to get results), the Chairperson (who promotes proper interaction in the team), the Implementer or Company Worker (one familiar with the workings of the company), the Team Member (a source of group solidarity) and Resource Investigator (a medium of larger contacts).

The intentionality analysis we have favoured suggests the manner in which these different roles interact in the one corporate consciousness. The roles of Plant and Monitor Evaluator, for example, correlate with the second and third level of conscious intentionality, respectively, as intelligent inquiry gives rise to the deliberations of critical judgment. The Plant is the 'ideas' person, the source of innovation and creativity typical of new insights. The Monitor Evaluator is the sober realist, contributing a detached reflectiveness to the play of new ideas and possibilities. The Completer Finisher is attentive to detail, thereby ensuring that no data has been overlooked in the team's deliberations. On the fourth level of decision and commitment, two roles work together, those of the Shaper and the Chairperson, but with different emphases. The Shaper is intent on results, and so exerts pressure on the team to resolve issues, make decisions and take action. The Shaper's role is continually to remind the team of its primary task, especially if it appears to be wandering off course. The Chairperson, with an eye on the collaborative interactions of the team as a unit, resists, when necessary, the impatient pragmatism of the Shaper, and so calls forth the contributions of all team members, and ensures that the merits of all ideas and suggestions are considered before moving on. In this focusing and steadying capacity, the Chairperson keeps in play the questions that make for honest inquiry and thorough deliberation. The Implementer or Company Worker,

with an intimate knowledge of how the corporate system works, helps to turn ideas and proposals into strategies and manageable tasks in accord with company procedures, and so contributes to the process of corporate decision-making. For its part, the role of the Team Member consists in being sensitive to relationships and to feelings of others, with the empathy of a good listener, attentive to what has not yet been fully heard or appreciated. The Resource Investigator, with a wide range of contacts outside the group, is often the source of ideas expressed in terms of comparisons, contrasts and possible associations with other groups and institutions, but does not possess the creative capacities of the Plant. These two roles operate primarily at the first level of intentionality, that of being attentive to data. The focus of the Team Member is on his or her fellow collaborators; that of the Resource Investigator on the larger world that affects the project in hand.

Belbin's theory can thus be correlated to the structure of intentionality. None the less, Belbin does not appreciate the phenomenon of insight as Lonergan does. Nor does he recognise inquiry as the key driver behind the team's engagement, moving forward and eliciting team members' contributions. We might also add that he overlooks, as most management theorists do, the importance of humour and 'good fun' in establishing team spirit and in building up team unity and identity— a contribution we might have expected from the Team Member and possibly from the Plant.

Furthermore, within intentionality, our notion of minder implies that all core competencies are active within each individual person. Belbin sees this more in terms of the whole team, but not as the key to the contribution that each of its members can make. Still, his idea of a balanced team of thinking and action reflects the structure of intentionality and the process of value-adding, even if he distributes its functioning among some eight individuals in the group. To that degree, his implied treatment of cooperation is not so much between persons as between roles. As a result,

communication can appear more superficial and less interpersonal, with a consequent loss, in the intentional consciousness of each member, of the depth of trust that binds the group together.

**Janis' "Groupthink"**

Irving Janis developed the concept of groupthink to describe tendencies within a group to make decisions under pressure that they will consequently regret. In his words, this is,

> A mode of thinking that people engage in when they are deeply involved in a cohesive in-group, when the members' strivings for unanimity override their motivation to realistically appraise alternative courses of action.[21]

Janis examines some catastrophic decisions and detects evidence in support of this aberration. This leads him to identify a number of conditions underlying this mode of thinking, such as a highly cohesive or homogenous group with a strong leader and insulated from others. Such conditions can result in illusions of invulnerability and unanimity. There can be an unquestioned belief in the group's morality and, at the same time, pressure on members to conform to group norms. Warnings that may challenge the group's assumptions are rationalised and any opposition is negatively stereotyped. Self-appointed "mind-guards" protect the group from receiving information that may challenge its views or assumptions, while others members exercise self-censorship in their rejection of any of their own ideas that they perceive to lie outside the group consensus. Such symptoms point to the absence of reality

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[21] Irving L. Janis, *Victims of Groupthink* (Boston: Houghton Mifflin Company, 1972), 9.

checking and the improbability of it occurring, when any opposition to the group's illusion is intimated.

Groupthink reflects the dysfunction of intentionality at its various levels. The group is failing to 're-mind' itself of the individual and shared responsibilities to be open, attentive, intelligent, reflective and decisive. Because the group's leader sets the tone and establishes the conditions for communication among the members, he or she must bear the primary responsibility for this dysfunction. When the dynamics of reality-checking are stymied, illusion is the unhappy outcome. It goes back to a failure to fully test insights against the appropriate data, and ends by repressing all relevant questions. The insufficiency of data, the lack of understanding and the presence of rash judgments, all work against the desirable openness of inquiry. Serious warnings are dismissed as irrelevant because decisions have already been made, albeit on the basis of false assumptions. If there is any appeal to reason, it is not for the sake of testing some assumed understanding or generally accepted position, but to distract from an appropriately critical review of the situation. An "unquestioned belief in the group's morality" masks a lack of openness and unwillingness to face the evidence. The negative stereotyping of any opposition to the group's performance inevitably undermines confidence in real or potential outside help. When communication is so limited, conversation occurs only amongst like-minded insiders.

Confronted with such bleak possibilities, Janis reacts by suggesting a series of remedies. Groupthink can be corrected by assigning each member a role of critical evaluation. Leaders are advised to refrain from expressing opinions in the group before matters have been properly discussed. It will help, too, if two or more groups are appointed to look independently at the same problem. In every instance, there must be a deliberate examination of all alternatives. Indeed, the group's members

should be encouraged to discuss their ideas with trusted members outside the group, just as outside experts may be invited to participate in the group's meetings. A further practical suggestion is to appoint at least one member to play the role of Devil's Advocate in the group's discussions.

These remedies are clearly designed to address problems caused by the group's poor leadership and lack of critical thinking. In essence, they encourage each of the group members to exercise their powers of inquiry in an open and responsible manner. Without this form of intentional self-possession, the group will drift increasingly toward the illusions characteristic of groupthink.

Janis' proposed remedies for the pathology of groupthink underline the necessity of a prudential minding of the group's interactions. It means taking time to ensure its various members are cooperating in an alert, intelligent, reasonable and responsible manner. This does not require endless delays in reaching a decision, thereby compromising previous commitments. Here, the leadership must be active in keeping the deliberations open and honest, while moving towards a desirable resolution of any problem that has arisen. Tensions inevitably arising from different points of view can be notably reduced when the leadership works to create and maintain a forum of open, critical inquiry. The power and effectiveness of the group resides in cooperation, not in an autocratic imposition of one view. Admittedly, the capacity of a leader to facilitate this cooperation may require, on occasion, considerable powers of persuasion and the personal authority of one who is demonstrably honest, respectful of others and energetically committed to the task. In other words, the leader must deserve the trust of the group and inspire in it readiness to move forward. The group needs to be reassured that it has adequate tools to overcome any indication that groupthink might arise.

Thus, the self-possession of the group as an open, attentive, intelligent, reasonable and responsible unit is founded on the conscious self-appropriation of each and all of its members. In this regard, Lonergan's intentionality analysis is implicit in what Janis has suggested as a remedy for the group pathology he so strikingly describes.

**Kegan and the Ways We Talk**

Whereas Janis concentrates on remedies for groupthink, Kegan draws our attention to the quality of discourse within a group or organization. He maintains that organizational health depends on the quality of its public discourse. [22]

Kegan uses a metaphor of an 'inbuilt immune system' to describe an individual person's resistance to change and growth. This immunity to development has its symptoms in the language of daily transactions. However, its adverse effects can be countered by using new modes of discourse. But to become proficient in these modes of discourse, one has firstly to do work on oneself, to diagnose the languages one tends to use, and then to acquire what is needed to reframe them in ways open, not resistant, to development. Kegan identifies "seven languages", four of which are internal, namely, related to one's own mental structure, and three are social, describing the patterns that pervade the organization in its communications. The seven languages represent stages of increasing competency in communications, and especially in conversational discourse. Each has some value base that invites one to examine carefully and use more deliberately the method as to how one frames one's communications.

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[22] Robert Kegan and Lisa Laskow Lahey, *How the Way We Talk Can Change the Way We Work* (San Francisco: Jossey-Bass, 2001).

For each language, Kegan has two modes of discourse: it is desirable to move from the first (an ineffective mode) to the second (an effective mode). Thus he names them: 1) From the language of *complaint* to the language of *commitment*. 2) From the language of *blame* to the language of *personal responsibility*. 3) From the language of *New Year's resolutions* to the language of *competing commitments*. 4) From the language of *big assumptions that hold us* to the language of *assumptions we hold*. 5) From the language of *prizes and praising* to the language of *ongoing regard.* 6) From the language of *rules and policies* to the language of *public agreement.* 7) From the language of *constructive criticism* to the language of *deconstructive criticism.*

Drawing on his metaphor of an immune system, Kegan first invites us through a series of exercises that illuminate how we think about certain questions. This leads one to identify the thrust in each of the four internal languages. Concerning the first, if there is a tone of *complaint* in one's soliloquy, that complaint, his theory suggests, comes from a sense of powerlessness to change a situation. It is an invitation to think afresh, and to begin talking of being *committed* to change that looks to some positive response, even if this means, initially, investigating more accurately the sources of dissatisfaction. Kegan holds, in fact, that complaint suggests care; and so, his strategy is to encourage one to find, then draw on the underlying value implicit in the complaint as a source of new energy and power:

> We believe that the language of complaint can be revisited for the purpose of being redeemed – that it contains a transformative element or seed. The route to that seed is found in this idea: we would not complain about anything if we did not care about something.[23]

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[23] Ibid., 20.

In this instance, as in the other six languages, Kegan identifies new modes of speaking based on an underlying value that lives within and influences the person but which, for the most part, remains hidden. His exercises, for all seven languages, move one in the same direction, namely toward a fuller self-possession. This involves openness to the whole range of values necessary for the integrity of oneself and, thus, for the health of the organization. He uses language as a diagnostic tool and as a medium through which one can change oneself.

Although his languages, particularly his seventh, reflect his epistemological assumptions, Kegan makes little mention of any linkage between his notion of "subject-object" and his theory concerning five levels of cognitional complexity. His seventh language, furthermore, deals with conflicts and the role of criticism. His approach there, called deconstructive criticism, is to engage in an open dialogue without preconception. In this approach, he identifies many of the skills[24] which, in Chapter 4, we also identified and which we called self-minding skills. These skills are required to bring about more open, adaptive and collaborative modes of organizational discourse to manage the many conflicts that inevitably emerge in modern organizational life.

## 7. SUMMARY AND CONCLUSION

I have presented communication as a value-adding process because it respects the structure and dynamics of intentionality which is the foundation of genuine dialogue

[24] See in particular his Table, Notepad 4, Ibid., 141.

between persons. With this approach, the tension of competing positions finds a methodological framework favouring collaborative discussion and negotiation. Admittedly, conflicts between competing interests may sometimes not be peacefully resolved. In place of dialogue, forms of autocratic imposition may be used which go counter to genuine development. Resentments may continue unresolved. Work-place conflicts can escalate to industry-wide conflicts with grave, social consequences. When this happens, ideological positions make any discussion on values and the good of all, irrelevant. No resolution can be reached.

In contrast, communication brings the parties together in a collaborative process of value-adding. It adds a larger 'sense of things' that works to facilitate the common understandings and agreements critical for a more effective co-operation. For each of these three approaches (Belbin, Janis and Kegan), the following observation by Kegan is telling:

> Leaders and their organizations will always need to draw on, and benefit from, the private, pre-existing integrity of individual members. But the ongoing health of our organizations actually depends on leaders' abilities to foster processes that enhance the possibility of collectively experienced, public, organizational integrity.[25]

Through this entire project, and specifically in this chapter, I have been appealing to a structure of intentional consciousness, or what Kegan calls, "the private, pre-existing integrity" of the individuals concerned. This refers, in our terms, to the self-appropriation of each person that, in turn, enriches the self-possession of the group.

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[25] Ibid., 111.

The leader, in this respect, has a particularly important role in helping bring this about.

Furthermore, Kegan maintains that, behind his model of transformational learning, is an orientation which "at its origins, is epistemological rather than behavioural. We are interested in changes of behaviour that rise out of changes in knowing."[26] This is an exact expression of the approach taken in this thesis and the reason why we have treated it at some depth by appealing to Lonergan's intentionality analysis and epistemology. The structure of intentionality is a structure of knowing and control in bringing about development in oneself and in any group activity to which we contribute.

The structure of intentionality thus underpins all theory and practice, and is therefore a vital reference point in management education.

It now remains to show how this structure provides coherence in a larger context, namely the organization itself. The structure will make more explicit the operations required in organizational knowing and doing. It will highlight the relational aspect between persons, both in the communications implicit in each of its value-adding stages and in the core of its notion of value, i.e. the stakeholder good, as entrusted to it as the basis for its vision and mission. As in the Mandelbrot series of ever more complex replications, the structure of intentionality is actualised in the individual, the group and the whole organization—and in the society in which it functions.

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[26] Ibid., 115.

# CHAPTER 6: THE STRUCTURE OF ORGANIZATION

When people decide to do something together, they create an organization. Through it, they achieve more than any one can alone. In it, they create an entity with a life of its own. Organizations, whatever their focus and purpose, are essentially human. They flourish or decline on the basis of the quality of human decisions and interaction. Without them, there can be no human development and progress.

Human beings have developed countless varieties and forms of organization throughout history—the family, social and church groups, sporting clubs, private firms, multinational corporations, crime syndicates, public utilities, schools, universities, galleries, cooperatives, local government, and so on, through to national governments, defence forces, religious bodies and international agencies. However pervasive organizations are in our life, they are not visible in the way the buildings that house them or the things they produce are usually visible.

We question what constitutes an organization—beyond a collection of people, their formal statements, the goods and services they produce, the structures they build, the financial resources they deploy, and the list of assets and liabilities they claim. In this chapter, we seek to identify a set of properties, terms and descriptions that are common to all forms of organization in order to establish more solid grounds as to what constitutes an organization, and how it acts. Clearly, it is essentially a matrix of communication and decision-making intent on some specific purpose. And this cannot be understood apart from the structure of intentionality that I have attempted to elucidate throughout this project. For the sake of economy in reference, we will refer henceforth to the structure as IAM – Intentionality Analysis Method.

Our practical, managerial interest in the structure of organization and governance has drawn, in part, on a philosophical investigation. In taking up Ghoshal's references to intentionality, we confronted also questions about ethics, the nature of the human person, the structure of knowledge, the nature of common sense and epistemology. Since Lonergan developed his philosophy—and his answers to these questions—on the basis of intentionality analysis, so do our philosophical considerations about the organization follow on from our discussion of intentionality. As Lonergan developed a general theorem for collaboration in his account of theology, this chapter develops a general structure for organization and its governance also based on the examination of conscious intentionality.

In Chapter 3, IAM was presented as the integral structure of four levels of the intentionality of the individual person's 'knowing' and 'doing'. Its core, vital skills were discussed in Chapter 4, and its place within communications, trust and teams, in Chapter 5. In this chapter, these considerations are brought together, to show how IAM contributes to a general structure for an organization's 'knowing' and 'doing'. This has been labelled here as the Intentionality Analysis Method for Organization, IAMO. As we saw with IAM, that the whole operates within any part, so within the larger ambit of organization, IAM operates in each and every part to effect its inner, vital integration.[1]

In this chapter, the notion of IAMO is constructed in four parts:

1) The Organization as Communication and Decision

[1] And, by extension, IAMO operates in each and every stage of itself.

2) The Organization as Value-adding

3) The Organization Seeking to do Good

4) The Organization as Cooperation

The discussion concludes with a reflection on IAMO as a necessary foundation for organizational theory and practice.

## 1. THE ORGANIZATION AS COMMUNICATION AND DECISION

Communication and decision together constitute the essential activities of organization. Without communication, there is no cooperation: hence, no organization. Without decision, there is no action: hence, nothing is done and nothing is achieved.

We recall from earlier chapters that the empirical elements of communication and decision are correlated to the intentional structure of human consciousness, IAM. The extent to which intentionality's precepts are respected determines the quality of communications and decision and hence, of the organization's life. We recall, in particular, IAM's integral and holistic nature: that the whole structure directs each and every part, ensuring that it effectively does its particular work in contributing to the whole. This applies, not only as we saw individually, but also in communications between persons. Thus, across an organization, when the different members involved in communication cooperate, from this intentional and personal perspective, the health and creativity of the organization is sustained. If this does not happen, the organization becomes increasingly wooden, impersonal and radically lifeless in its performance.

Intentional communication is the only means by which the members of an organization can present their ideas, judgments and decisions, and so influence both the performance of the organization and its impact on the world at large. Communication occurs on the different levels that make up the intentional structure, whether it be registering the data, understanding it and making it clear, making sound judgments as a result, and then deciding on a particular course of action. Individuals communicating and contributing in any or all of these phases, thereby add value to the larger project of which they are part. Admittedly, individual contributions are usually limited to one or other of the differentiated activities of IAM. For example, one person may present an interpretation of data from a competent survey; another may subject this interpretation to a critique of market analysis; another to a financial assessment; another may take up its implications for policy, and someone else may devise a program of action. Someone brilliant in a brain-storming session may not be the best person to make the most fitting assessment for this particular situation, and someone with wide experience may not be the best person to invent new ways.

However, all these contributions need to be coherently integrated, especially into the final decision-making taken by a board of management. Otherwise, its deliberations might be reduced to plodding routines without awareness of new situations arising or the stimulation of new thinking. Further, people may gather in conference to develop new strategic directions: some will have a fuller grasp of the issues, others will be more or less convinced of the assessments that emerge; yet a certain momentum in thought and action result, to be refined in later processes of deliberation. In short, an interactive, coherent and normative structure of communication is of the essence if good overall performance is to be the outcome. In the previous chapter, we saw how the normative structure of IAM is at least implicit

in the work of Belbin, Janis and Kegan to which we have referred. Likewise, it is implicit in the larger schemes of communication and group interactions that make up the coherent organization.

As communication pervades every aspect of organization, decision is its primary shaping event, the hinge between its past and its future. For in decision, reflection is terminated and action initiated:

> As long as I am reflecting, I have not decided yet. Until I have decided, the reflection can be prolonged with further questions. But once I have decided and as long as I remain decided, the reflection is over and done with. The proposed course of action has ceased to be mere possibility; it has begun to be an actuality.[2]

Decision sets direction, gets wheels turning, commits resources and sets expectations for the delivery of valued goods and services. It releases the power of clear vision, generating fresh, creative endeavour and cooperation needed to shape and enlighten the further decisions required for its implementation. There is a paradox, however, with decision. Although presented as a singular event marked by the closure of reflection, it is only upheld, in time, by ongoing commitment to its implementation. Furthermore, its organizational solidarity and coherence is the degree to which some, many or all share it, in part or in whole.

Although presented as a singular event shaping the future, every decision is influenced by the past. It is nested within and influenced by an orientation, context, direction or momentum of thought and of action shaped by previous decisions, including unrecognised historical, cultural, social and organizational oversights,

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[2] Lonergan, *Insight*, 635.

aberrations and bias. It exists within a larger frame and world of meaning and is upheld by the ongoing intentionality of choice, that is to say, commitment.

Every decision also leads to further decisions. Within an organization, decision-making is an ongoing phenomenon, each decision having its own wave-like or ripple effect across the organization: those affected by it make their own decisions of adjustment, embellishment or countervailing response. Equally, decisions of others outside the organization have the same effect. Suppliers raise their prices, competitors enter the market, governments introduce tariffs or go to war, and people go on strike. Those who are affected by the organization's decision will judge, according to their own criteria, the changes it seeks, or the changes it brings, as being better or worse, and give accordingly, support or opposition to it and to the emergent realities. In this way, decision may set up, with some stakeholders, an ongoing tension. This must be managed by the decision-makers if problems are to be resolved and a positive outcome ensured.

As I have discussed in the previous chapters, decision lies, within IAM, at the juncture of knowing and doing. Its potential effectiveness is shaped by the quality of attentiveness, understanding and judgment on the part of the decision-maker and of all those who share in its burden of responsibility to seek the good of all concerned. But "the good of all concerned" is not unproblematic. The good intended by decision is what, in the first place, has attracted the decision-makers as the desirable goal. To lead is to propose and to persuade others to support and commit to a desirable and attainable good.

In its concrete actuality, the good intended is intrinsically difficult to define. As white light has all colours, so does the good include, in its spectrum, all practical expressions and combinations. Indeed, the 'good' includes, but is more than 'the

goods' delivered. It is the basis for all judgments of value and for all decisions. The integral human good, as proposed by Finnis, makes mention of seven 'basic goods', each one of which is a worthwhile object. These are, as we have mentioned earlier: life itself, play and skilled performance, beauty, knowledge, harmony with self, harmony with others and harmony with a higher source of meaning. Each of these would figure in any notion of the 'common good' of society in general, or of a particular organization.

However attractive the ideal of the common good of all, the practical demands of an organization require a corporate good to be specified, as we will discuss in Section 3, below. It must be tellingly proposed in ways attractive to the organization's stakeholders, especially to those closely involved, such as owners, staff and customers or clients. It may find expression, for instance, in a company's mission statement, even though this may need to be continually re-interpreted if it is to be effectively communicated in different cultural and social circumstances.

Furthermore, agreement in regard to the corporate good demands that the key players in the organization have resolved fundamental differences regarding its scope and focus. Different positions are inevitable on the various management levels, the executive group or the governing body. Each person brings his or her own background and experience, values, personal commitments and expectations to the deliberation; and unresolved disputes between the various parties bring their own tensions regarding competing needs, the allocation of resources and differing estimates of opportunities and risks. In such a situation, one may, for any number of reasons, suppress a personal conviction and go along with a proposed course of action, thus giving the impression of agreement and solidarity when it is not, in fact, the case.

Alternatively, one may support a decision, not for its larger good, but for one's personal benefit. The larger good may be so implicit that only the passage of time will make its presence clear. Vigorous discussion within the organization, such as open planning exercises in which staff have the opportunity to share and debate ideas, may assist many to come to an agreed common purpose and mission. Continual monitoring of responses is also required, if every member of the organization is to contribute to the good as conceived corporately.

## 2. THE ORGANIZATION AS VALUE-ADDING

In Chapter 3, I represented IAM in two images: in the first, inquiry drives vertically upward through four-levels of value-adding; in the second, inquiry drives an ever-enlarging spiral of growth and development through the same four value-adding stages through a process that is cyclic and recurrent.

Such images make their point, but they are incomplete. They emphasized the 'knowing' side, leading up to decision, but not the 'doing', or what is involved in its implementation. Value-adding occurs also in the 'doing'. For a decision to be implemented, there must be any number of subsidiary decisions and actions, all leading to the desired outcome.

There is thus a 'flow-down' effect, through various levels of competence and responsibility. For example, in a mining company, a corporate decision to develop a particular ore reserve is the 'high level' decision at the beginning of the process. Between it and an actual, operating mine, there is much value-adding to be done. First, the high level decision must be articulated and communicated to get things moving, such as the signing of contracts and formalising of commitments entailed.

Next, there are substantial judgments to be made concerning real and probable constraints that drive strategic and policy decisions concerning resources, finance, personnel, time-frames, capacities and markets. Thirdly, there needs to be an understanding of possible methods of delivery, which in turn, gives rise to further decisions about putting appropriate capability in place. This would involve, for example, the design of systems, the detailed planning and commissioning of plant, the recruitment and training of personnel and the development of a viable operation. Fourthly, 'on the ground', as it were, there will be the actual start-up and operations in the mine in producing and delivering 'valued product' to a customer at a definite place and time.

This cascade from a top-level decision down to a multitude of smaller decisions and their implementation is the value-adding process of action. Thus, *action* can be differentiated across four levels in descending order: 4) Its mission and vision reflect *values*. 3) Its strategy and policy are primarily *rational*. 2) How things are to be done give opportunity for *creativity*. 1) Making the product for exchange requires full *attention*.

In both the reflective and action arms of decision-making, there is a process of organizational value-adding. In the reflective or 'knowing' arm, there is a convergent synthesis from multiple data to single decision. In the action or 'doing' arm, there is a fertile proliferation from a single intent of decision to its multiform, subsidiary decisions and expressions in performance. We represent this in Figure 6.1, below, as an eight-stage wheel of growth and development, powered by the driving torque of inquiry at the centre. This is our model of organization: IAMO.

In the upward drive through the reflective arm to decision, there are the four stages of what we call Research, Opportunity, Risk and Positions. In the downward drive to

implementation, the four stages can be termed Mission, Strategy, Capability and Performance. Both Research and Performance are in contact with the 'ground', taking in, on the one side, the organization's environment and on the other side, acting upon it.

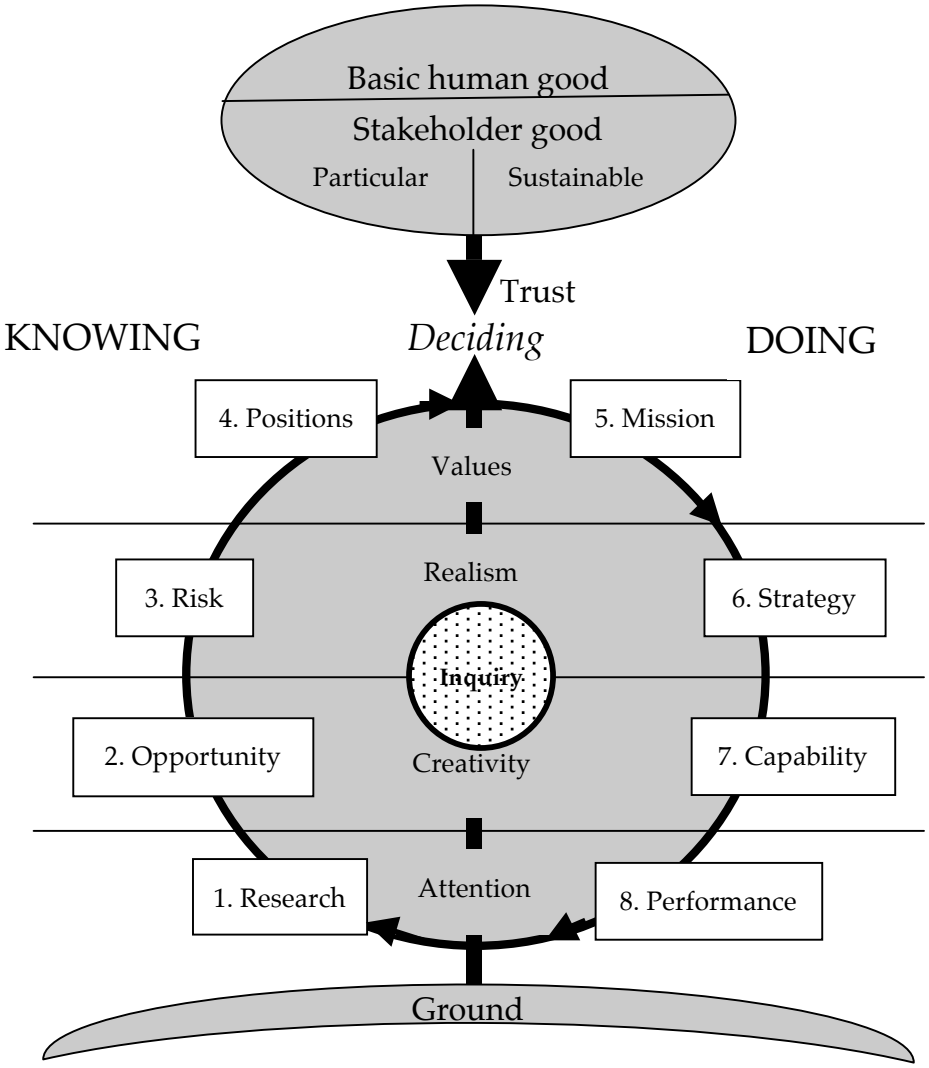


**Figure 6.1: The Intentionality of Organization and Governance: IAMO**

Although this configuration of value-adding appears linear and sequential, it is, in its concrete reality, a complex process of interaction and feedback between the various stages, the patterns of which give rise to each organization's unique structural and

political dynamics. Nevertheless, it serves as a simple map within which these processes occur, its general features being common to all organizations.

In reference to Figure 6.1, I will now describe these stages with examples drawn from the hypothetical mining company.

**The Upward Drive to Decision**

In moving upward through reflection to decision, each stage expresses a distinct demand for the organization:

***1. Research***

**Research** is the cooperative activity involved in gathering the data. Finding ore in the ground is a form of research, involving perhaps, the sophisticated technologies of satellite scanning, aerial mapping and detailed drilling of new mining territory. Corporate data collection can be highly professional and dedicated work. It is the corporate expression of the precept: Be attentive.

But research, as corporate attentiveness, goes beyond gathering data about ore in the ground. The corporate environment includes market conditions, competitor activities, financial considerations, political and social factors. Data for all these aspects need to be collected. Thus, research activity may involve teams or individuals, along with appropriate specialist and technological support. Some research may be done under contract by other firms. It may involve extensive, informal networking and keeping one's eyes and ears open. It may also draw on large amounts of corporate resource to formally gather data for long-term, strategic assessment. Although focused on the acquisition, sorting and classification of data, research activities operate within an overall corporate framework and, in this regard,

delegation to specific projects emanate from the organization's leadership and management.

But the quality of research demands that all the intentional skills are effectively deployed within it. There needs to be an openness to question what one is doing in the research, and there needs to be creativity, knowledge and a broad vision. Also, there needs to be a willingness to take risks, to develop new tools and methods and a willingness to assess their efficacy. Thus, in addition to Research being the first stage of IAMO, the basic model, IAM, operates in replicated fashion in any one person or team involved in the research activity. In addition to research being one of the eight corporate value-adding stages, it also comprises these same eight value-adding stages of its own, IAMO-1. ("1" designating the first stage.)

### *2. Opportunity*

**Opportunity** is the product of corporate understanding of what the research data reveal. Though the data suggest, for example, a new copper deposit, this will still need to be checked and validated. So, the immediate question is: "What, then, does the data mean?" The explanations of geologists will give rise to further questions from the perspectives, for instance, of the mine's owners, the surrounding community, the marketers or the potential investors. Their answers will shape a fuller set of interpretations, possibilities and opportunities. These differing perspectives converge when a particular business opportunity is clearly identified. Thus, it will draw on estimates of ore, of the cost of mining and infrastructure needed to develop the mine, of markets and their access, of financial considerations, such as assumptions about currency exchange rates, and so on. This marks the second stage in the lead up to a possible, corporate decision. It is the corporate expression of the precept: Be intelligent.

Still, this level has its special creativity, for here innovation and breakthrough can occur. As insights play around the data, fresh possibilities emerge and all kinds of imaginative projections of the future are made in light of such data. Here there can be a remarkable increment of value-adding as insights occur and, in turn, are formulated and communicated within the common pool of understanding. But if this stage is to develop beyond 'brainstorming' and bright ideas of one kind or another, the apparently promising and fertile insights need to be critically tested. But before any testing in the next stage, they need, first, to be clearly understood.

### *3. Risk*

At this next level of testing (of what has been understood), judgments are made determining matters of fact, probability and risk. This coming to a judgment is by no means straightforward, but will involve much expertise, willingness to debate and to question.[3] Typical questions might be: Is the preceding understanding of the situation and its possibilities realistic? Can we assign probabilities to what we have determined as the risks involved? Have we made the necessary investigations to distinguish between fact and opinion? Have we done, with due diligence, what is needed to obtain a satisfactory answer to these kinds of questions? They may require

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[3] Two examples of the difficulty involved in making good judgment in the financial area are provided by financial journalist, Peter Goodman. Goodman examines the role that Federal Reserve Chairman, Alan Greenspan, played in promoting derivates: "What we have found over the years in the marketplace is that derivatives have been an extraordinarily useful vehicle to transfer risk from those who shouldn't be taking it to those who are willing to and are capable of doing so," Mr. Greenspan told the Senate Banking Committee in 2003. "We think it would be a mistake to more deeply regulate the contracts", he added. In contrast, Goodman refers to George Soros, the prominent financier, who avoided using the financial contracts known as derivatives "because we don't really understand how they work." Peter S. Goodman, "Taking Hard New Look at a Greenspan Legacy," *New York Times*, 8 October 2008.

more data and more refined ideas. Thus, further assays of the ore body may be needed or further tests of the purity of the lode, together with calculations of the costs involved in mining, transporting and processing the ore. The market must be thoroughly examined, the competition realistically assessed, and future demand for ore, and the likely resultant cash flow, determined. Different kinds of cooperative effort are brought together in the clear and objective assessments that constitute corporate judgment. This stage gives effect to the corporate precept: Be rational.

Nevertheless, whatever care is taken, judgments regarding fact, probability, risk and feasibility are always liable to error. The quality of the judgment concerned depends on how well the organization navigates all the challenges involved, from the gathering of data, to the formulation of clear and accurate propositions, and finally in the procedures of thorough testing of the propositions in relation to the data gathered and to the fund of established corporate experience and knowledge. Confidence in any ensuing judgment will depend on the degree of attentiveness, intelligence, reasonableness and responsibility of those involved in each of these activities. This level depends on 'knowing' the business and on having the experience upon which competent judgments can be made.[4] Only by respecting these intrinsic demands of intentionality can risks be realistically weighed up and faced in regard to the quantity and quality of the ore, the size of future markets, the social, political and economic conditions during the life of the mine, its margin of profitability, and so on. Due diligence requires nothing less.

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[4] Many Australian farmers, buying 'wheat futures' to provide some guarantee of future price for their crop, did not appear to allow for the drought that occurred and subsequent loss of their crops. They faced financial ruin. Siobhain Ryan, "Wheat Futures Deals Devastate Growers," *The Australian*, 27 September 2007.

There are, however, five further stages required if the corporate decision-making is to be adequately responsible.

### *4. Positions*

There is inevitably a history of conflicts and a range of positions, each to be recognised and resolved, in any good decision-making process. Inevitably, prior to the decision, different scales of values are in evidence, each a potential source of conflict that needs to be resolved. In one sense, a final corporate position emerges only when the actual decision is taken. This corporate position seeks to adopt a balanced and preferred stance, having given due recognition to the different points of view amongst the various stakeholders, interest groups or specialists in relation to the whole project. This stage expresses the first part of the corporate precept: Be responsible.

Within our mining company, we may imagine a number of such tensions, for example, with respect to a potential mining site. The venture may be marginally attractive in comparison with other mining opportunities elsewhere. It may involve a higher measure of risk than many are willing to take. It may require a workforce agreement that is unacceptable within existing industrial arrangements. A disturbance of sensitive social or physical environments may have been pointed out, while the expectations of the indigenous people living there may exceed the company's capacity to meet them. The mining of resources, such as uranium, will have global implications for security and safety, and be subject to vehement opposition on the part of groups within the community. Each of these positions appeals to a particular value of one kind or another. The situation may be further complicated by proposals that emerge out of the recognition of other newer, and perhaps less risky ventures.

The taking of a corporate decision, as we have indicated, comes at the end of a long reflective process over four stages. It aims, in the final stage, to include an awareness and assessment of all values and perspectives that have come to light in the respective positions. It may be quite successful in doing this, even though it may also at the same time, be keeping an eye on alternative views and their possible ramifications for subsequent policies and strategies. More tentatively, it may conclude that further risk-assessment is required, along with more precise negotiations in some areas. It may, on the other hand, so opt for one position that other points of view are summarily dismissed. The possible result of such inflexibility could result, for example, in a dispute between management and workers escalating rapidly to a full-scale strike or lock-out. Power, not reasonable discussion and mediation, might then have to be unilaterally exercised to achieve the desired effect. Corporate politics operate more evidently in this stage than in others, in their efforts to bolster or pillory particular positions, as the case may be.

In order to resolve differences that arise at this stage, most governments have constitutional agreements, such as majority vote within bicameral assemblies. Beyond this, protocols and rules—for example, cabinet solidarity, committee reports, the casting vote, inquiries, ministerial prerogative, consultative processes, and so on—have developed over time to facilitate the decision-making process.

Some corporate decisions may require an inordinate investment of time and resources if issues are to be resolved to the satisfaction of all concerned. Corporate protocols may have to be devised to reduce any radical, 'knock-down' kinds of conflict. These may include consultation processes, an overhaul of delegation arrangements, and the calling on mediators and advisory groups. On the other hand, the consultative process may be hurried through, with executives impatiently taking refuge in any number of shortcuts, or even resorting to deception, obfuscation and

secrecy. Whatever the case, it remains, in the end, the task of the executive group to make a decision, having weighed up the respective merits of stakeholder interests, and the claims and rights of all involved. However informed and responsible the position taken, it will face inevitable consequences and involve, at least, some risk.

There cannot be endless deliberation. It leads to a moment of decision when someone or some group decides legitimately on behalf of the organization. This is the responsibility of the organization's leadership and governance. The Positions stage that we have been describing up to this point, offers an opportunity for the organization's leaders and governing authority to seek an integrated solution to satisfy all stakeholders. At the very least, it invites discussion and open dialogue with contending parties. At best, it will find a solution, which includes a thorough and well-crafted articulation of the corporate good, and intends fairness or justice to all stakeholders. The development of such a solution and moving it forward to a successful implementation are expressions of good leadership. However, the use of coercive power over others, at the expense of appealing to their intelligence, reason and responsibility, is an example of the opposite.

**The Downward Drive of Decision-in-action**

A decision made gives rise to four stages of implementation that it directs through four levels of increasingly focused commitment. These are defined below.

***5. Mission***

Mission reflects a commitment to the corporation's primary goal. In some organizations, a Mission Statement is its form of corporate promise, the telling expression of corporate vision and values. It is a high level statement of corporate commitment, to be modified, admittedly, with time and experience, but always

retaining its essential content. It may articulate particular values, such as its aspirations for growth, diversity, excellence, sustainability, environmental responsibility, employment opportunities and the ambition to perform as a key player in national and international markets. This stage also reflects the corporate precept as it applies to the implementation of decision: Be responsible.

For its part, a decision of high purpose aligns the organization against some chosen position and opens the doors for action. Although it requires the rhetoric of commitment to signal its reality, it is only through action that it is made concrete. The high level 'talk' and formal statements that accompany the decision become the practical point of reference for the 'walk' needed in the multitude of subsidiary decisions that must now follow.

A corporate decision ideally presupposes that there is general agreement. In this regard, those who most own the statement of mission as their own personal commitment are more likely to be effective in promoting corporate solidarity, by leading others in that direction. These are the ones who genuinely 'walk the talk'. They are effective role models and, if need be, advocates for the changes that may be required.

As with the other stages, this fifth contribution of corporate value-adding is dynamically and integrally linked to them all. Thus, a sudden change in the environment, such as government policies about global warming, may bring executive attention to bear on what had previously been overlooked or neglected, so that it might examine more closely what changes might be needed. A kind of

corporate conversion, a radical change of mind and heart, may be required if the governing body were to realise that the driving values of the organization were too narrow or had grown stale and unsustainable.[5]

In short, commitment to action has emerged as a response to the needs and opportunities that have presented themselves as feasible and desirable. But once any new commitment has been made, there will be a tension between what is happening 'on the ground' and what is newly intended. The dynamics of this kind of tension may take several forms, the most common being an organizational resistance to change. If the opposition is active, it will exhibit a clear knowledge of what is being proposed, and resist it in the manner that the history and culture of the organization permit. If the opposition is passive, it will resist what has not been understood. It will result in a clinging to old ways, unless appropriate information and training are provided to explain the need for change in a more convincing manner and thereby, hopefully, to gain a more soundly based commitment.

To return to our mining example: The choice to proceed with a particular venture will be woven into the broader corporate mission and vision. It will give rise to new contracts, commitments, delegations and arrangements alongside those already existing within the organization. It will begin to bring about wider social effects. Competitors, investors and markets will take note and adjust their bearings.

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[5] This has been illustrated dramatically by the US automobile manufacturers seeking federal funding in December 2008. They had ignored environmental issues concerning energy and carbon emissions, and delayed the introduction of hybrid models. "Car companies need to rethink their mission from scratch, for their own sake and the world's." Will Hutton, "Detroit Has Run out of Road. The Car's Future Lies in Europe," *The Observer*, 7 December 2008.

This fifth stage is particularly significant for leadership. The leader, having grasped all that informs the corporate decision, acts now to bring to a conclusion any further deliberation. This move may also bring, into high relief, intense conflicts of interest, such as between personal values and the values of other stakeholders.[6] Effective leadership now requires a clear formulation of what is involved, and a convincing communication of the results of the corporation's long deliberations. The leader's clarity and exercise of reason is especially important if he or she is to win over those most likely to be critical of the decision. The skills of persuasion will be most effective if they are accompanied by an account of how the demands of attentiveness, intelligent discussion, reflective deliberation and responsibility have been met.

There is still more to be done. The top-level decision will have cascading effects if it is to be properly implemented. This begins in the development of corporate strategy and policy. Thus, the influence of leadership now extends into those areas where these strategies and policies are to be formed.

### *6. Strategy*

Any major corporate decision releases energy and channels resources towards a particular end. It will require the formulation of strategy—or policy—to make it realistically 'bite'. This stage requires the exercise of corporate judgment for what is to be done, and expresses the precept: Be rational.

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[6] Such appeared the case in recent Australian boardrooms of Boral, Valad and Toll in relation to executive remuneration and incentive payments against shareholder expectations and falls in the share price. See Michael West, "Pay Attention," *Sydney Morning Herald*, 30 October 2008.

As with any artistic creativity, vision has to contend with the limitations of the medium. Painting in oil is not the same as painting in watercolours. So, too, with respect to the corporate vision. Its resulting strategy has to contend with the limitations and opportunities inherent in the 'medium' or environment in which it is to take effect. The milieu in question is not a frozen state of affairs. It is always melding into new shapes. Foresight is needed that grasps what is going on, how things might be changing, what the implications are for the organization, and what needs to be done in response. For example, regional demographic trends will indicate changing demands for health and education services within the context of the current state-wide public health program—with its vision of needs, priorities and values. Organizations responsible for delivering regional health services will therefore need to assess the strategic significance of this regional environmental shift in relation to all other demands, and establish the regional strategy and policy framework to be followed in the light of the overall health mission. Or, with a mining company, environmental risks, such as the possible catastrophic failures within the mine or in the handling and shipping of materials, may require a clearly focused occupational health and safety' strategy and policy to be devised. Or, the financial strategy is crafted on the basis of judgments concerning many financial factors, such as likely swings of currency rates, the viability of markets and cash flow projections.[7]

Strategic judgment requires familiarity with the field and the environment in which the organization operates, with all the attendant opportunities and risks. Here,

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[7] The Chinese-owned mining company, operating in Australia, faces losses of over $2.7b before it has even built the mine and the port to receive its product, when the value of the Australian dollar fell dramatically, from 98c to 69.5c per US dollar. James Freed, "Citic Loses $2.7b on Dollar Gamble," *Sydney Morning Herald*, 22 October 2008.

strategic decisions draw on the wealth of understanding and reflection that have emerged in the preceding five stages of our model. But strategy, which has a long-term outlook, requires implementation in the short term. This requires, in turn, more specific focus and deliberation about means that can accommodate an ever-changing environment while holding firm to the strategic intent.

In some cases, the complexity and turbulence of the environment may defy a long-term outlook. Ansoff's contribution to strategic management that we examine alongside others in the next chapter, addressed this issue in his identification and systematic exploration of the dynamic linkage between environment, strategy and organizational capability.[8]

But as Ansoff reflected in his model, environment, strategy and capability are dynamically aligned, one influencing the other. Capability is the answer to the question: How does strategy shape the environment? It indicates a further stage of value-adding, as decisional intent moves beyond strategy. In strategy, corporate judgment has established the rational boundaries, constraints, resources, and directions required to implement the corporate vision and values that inform it. It intends the realistic and the feasible, not the imaginary or the impossible. It provides a framework which is robust, yet revisable in the light of new circumstances, and within which operational planning and budgeting take place. But each strategy has its own organizational capability requirement, the focus of the next stage.

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[8] Igor Ansoff, *Strategic Management* (London: Macmillan, 1979).

### *7. Capability*

A strategy gives rise to practical questions: What do we have to do to make this work? Do we have appropriate skills, systems, structures? If not, what do we have to do to put them in place? How do we proceed? These all ultimately address "How to?" type questions.[9] To answer them, the necessary roles, skills, systems, infrastructure and budgets must be developed if the project is to be realised as intended. This stage expresses the value-adding required in following the precept in the corporate 'doing': Be intelligent.

Although this stage is effectively one of organizational design, it is not to be regarded as a strictly linear process following on from a separate strategic planning exercise. Nevertheless, capability building requires further specific and detailed kinds of insights and decisions, which may, in turn, require great change-management skills. And so, we can justifiably understand capability as a distinct stage of value-adding in relation to strategy. Here, the nuts and bolts of organizational design are put into place. Here, the organization equips itself with appropriate skills, delegations, systems, staffing and structures, amongst other things, that relate to design and the creation of corporate infrastructure.[10]

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[9] These questions of building appropriate capability appear to have been overlooked in a recent Australian example of corporate failure, Alleasing and Allco. Michael West, "When Alpha Males Go Wild," *Sydney Morning Herald*, 9 December 2008.

[10] Athos and Pascale developed the 7 S system as an integral framework for organizations, arguing that alignment and coherence between them was the most significant aspect for determining organizational effectiveness. Five of the "S"s were related to Capability: structure, staff, systems, skills, style; one to Mission—superordinate values; and one to Strategy. See Richard Tanner Pascale and Anthony G. Athos, *The Art of Japanese Management* (London: Allen Lane, 1981), 80-84.

*8. Performance*

This last stage deals with the actual production and delivery of valued product and service, 'on the ground'. It involves the more visible, 'blue-collar' expressions of value-adding typical of an assembly line, a shop-floor, or of moulding or manufacturing processes. In our mining example, the value-adding occurs in the countless steps of individual operators working with equipment in digging the ground, extracting the ore, conveying it to a plant, processing it, transporting it and delivering it to a customer. Each of these operations has required attentive, intelligent, rational and responsible engagement and control. They represent a linear value-adding of material along a process of manipulations of one kind or another. For a mine, it is the manipulation of earth; for a consulting company, it is the value-adding of ideas from investigation to recommendation. For a hospital, it would be the total care offered to a patient, and all the services that were directed to that end. But these operations have, over and above them, the higher levels of value-adding outlined in the previous seven stages. Together, through the organization's structure, these higher levels inform, coordinate and confer cohesion: namely, through the ongoing conversations and processes involved related to capability, strategy and corporate decision, and of the deliberations of research, opportunities, risks and positions worked through. The ongoing, iterative nature of these 'higher order' processes confers on the organization its particular quality of coherence and vitality.

Although organizational value-adding is complete when the product is delivered, there is still more to be done. It must be established that the product has been successfully delivered, in such a way that it meets the requisite quality criteria. This begins to anticipate the close coupling of the first stage, Research, that follows in the ongoing cycle of corporate engagement. The sustainability of the product, the appropriateness of organizational capability and the quality of raw material must be

continually checked. Monitoring of the chain of value-adding in production through to customer satisfaction provides data for quality assessment and further adjustment. This is linked holistically with the corporation's 'minding' of the whole process, in order to produce the highest quality good. Effective monitoring is not a self-referential process, with the organization assuring itself of excellence of its systems and techniques. It requires reference, rather, to that data that can come only from the other, that is, the satisfied client. Hence, the suite of techniques, such as customer focus groups, customer satisfaction surveys, product evaluation forms and warranty reviews, are used to test quality, and thereby identify any improvements that are needed.

Although this stage focuses on the exchange of goods or services, the corporate whole remains nevertheless involved. The value-adding that has occurred through the prior seven stages stand behind the exchange. Corporate liability for a defective product continues, a corporate risk to be recognised and managed. For example, the Australian Courts ordered the Australian company, James Hardie Industries, to pay considerable compensation to workers and customers who suffered lung disease due to asbestos fibre in its products which they had handled some twenty years earlier.[11] Sensitivity to clients and their values is of the essence. For example, the use of 'sweat

[11] The NSW government's Special Commission of Inquiry in 2004 into James Hardie Industries, led by Mr Jackson QC, determined that the company was attempting to avoid liability for medical compensation of victims of asbestos poisoning from its building products. Litigation continues in 2008 as compensations are worked out in detail. For an introduction to the ongoing litigation, see http://www.parliament.nsw.gov.au/Prod/Parlment/HansArt.nsf/V3Key/LA20041019023 (accessed October 2nd, 2008). Unless JHI continues to be profitable, the ongoing demands for compensation of asbestos victims will not be met: their demands must be tempered by the company's long term ability to pay.

shops' in manufacturing, or disregard for the environment, will affect customer preference. Ethics are not irrelevant to good business!

The responsibility of corporate 'minding' belongs to all staff. Development of this informed and corporate sense of responsibility is an aspect of capability building, with implications for the training and development of staff. This shared sense of responsibility will, of course, vary from person to person, depending on talent, previous training and immediate obligations. Yet all are involved in communicating the corporate commitment and living it out in their actions. Customers expect to be dealing with a corporate entity, not just the individual person with whom they interact. Customers expect the sales person to be informed about the company's product, policies and pricing structure and to deal with them in an open and honest manner, without hiding behind the ancient adage, *Caveat emptor*—Buyer beware!

Yet, the organization is concerned about its own continuity and sustainability. It therefore has an interest to ensure that the schemes for the production and delivery of its valued products and services effectively and systematically recur. As Melchin has pointed out, such schemes emerge and develop on the base of each party's satisfaction that the scheme is functional. Or in other words, each party enters into a relationship of exchange in their belief, reinforced by experience, that the scheme is viable and trustworthy.

Stage 8, Performance, is ultimately about the delivery of value to stakeholders, primarily ordered around the value of the products and services provided to a customer or client. The 'goods' for stakeholders, other than customer or client, are dependent on this primary value, for they receive a proportion of what customers provide in exchange for goods or services, generally some financial consideration as a measure of value. Similarly, with respect to these other stakeholders, an exchange

is calculated on the basis of an agreement about the *value* exchanged. Thus, in proportionate measure for their value-adding contribution to product or service, an employee is paid; suppliers are paid in proportionate measure for their value-adding supplies; investors are paid in terms of value calculated by a particular return, by capital growth and risk, by attractiveness of investment and other factors. The trust inherent in all subsidiary schemes of recurrence in which the firm is embedded—the paying of wages, the fair contracts undertaken, the sustainable return on investment—is comparable to the trust involved in the basic and primary scheme it has with its customers and clients. The organization is an entity of relationships of trust with mutual rights and responsibilities in relation to value.

***The Organization as Value-Adding: Summary***

We have now discussed the eight stages of value-adding that occur in an organization, and represented by illustration in Figure 6.1, and referred to as IAMO. We also note that the value-adding occurs over four levels of intentionality. We have discussed how these four levels cover firstly, the processes of reflection and deliberation leading up to decision, and secondly, how they cover the processes of implementation, flowing from decision to the delivery of valued goods or services. We refer back to Figure 6.1 in making the following points.

I. The first level corresponds to the value-adding processes of attention: *Research* specifies what is investigated at the beginning of the value-adding process. At the end of the value-adding process, *Performance* specifies all that is involved in the mindful and attentive processes of production needed to actually produce quality goods and services.

II. The second level covers the processes of innovation and creativity. Typically things are newly conceived, explained, specified or designed. *Opportunity*

corresponds to new ideas that come out of research. *Capability* corresponds to what is needed to be designed and built to deliver quality performance.

III. The third level concerns realism or good judgment. It requires the rational, reasonable assessment of things. It is the level of 'knowing', accompanied by confidence that one is able to answer all relevant questions, and face all emergent situations which guide the lower levels. On the reflective side of value-adding is *Risk;* on the action side, is *Strategy* or *Policy.*

IV. The fourth level deals with values and decision. *Positions,* on the reflective side, involve deliberation about the corporate good and the values implicated. Here, the value-adding processes focus on clarifying the overall purpose of the organization and resolving the conflicts that arise in relation to its opportunities and risks. On the 'doing' side, *Mission* specifies the value-adding processes of personal engagement and influence, of ensuring that trust and effective relationships have been considered with respect to all stakeholders. It is concerned with winning hearts and minds, with being steady in its resolve, and with securing commitment to action for the whole endeavour. It is the level on which the overall purpose of the organization is resolved and a direction taken.

## 3. THE ORGANIZATION AS SEEKING TO DO GOOD

The good of the organization is thus measured by the value it creates and exchanges with others. It creates value in the stages we have described; it exchanges value in the various mutual, if often implicit, transactions, understandings, agreements and commitments it has with stakeholders. The calculation of fair, just and right

exchange is perhaps the most challenging and difficult task that those responsible for the organization have. It involves a combination of tangible and intangible considerations: the weighing up of competing claims and entitlements, of short and long term implications, of due provision for risk and uncertainties and, ultimately, of a fair entitlement to all. It requires a certain willingness to be open and transparent in these calculations, reflections and deliberations. At the heart of this corporate value exchange lies the notion of corporate good and of trust. We summarise its various dimensions in Table 6.1 below.

| ***Stakeholder*** | **Value Given by the Stakeholder** | **The Corporate Good or Trust: Value Sought by the Stakeholder** | |
|---|---|---|---|
| | | **Particular short-term good** | **Sustainable long-term good** |
| ***Shareholder*** | Capital | Return on investment | Growth |
| ***Customer*** | Payment | Quality product | Service |
| ***Employee*** | Knowledge, Attitude and Skills | Just wage | Job opportunity, Safety |
| ***Supplier*** | Goods and Services | Fair dealings | Continuity |
| ***Community*** | Rights | Compliance to law | Social responsibility, Employment |

**Table 6.1: The Value Exchange**

We have presented the view that corporate decisions intend the corporate good, made up specifically from what each stakeholder seeks immediately and in the long-term. For example, an employee expects, in the short term, a just wage in return for fulfilling the demands of a defined role and task; and in the long term, stable employment, a safe working environment and career opportunity. A supplier expects prompt payment in return for delivering goods or services on time, and in

the long term, continuing business opportunity. Investors provide financial capital, expecting a 'return on investment' in the short term and capital growth in the long term; the community provides a legal framework and infrastructure in return for employment opportunities, growth of GDP, statistical information and taxation; industry associations provide stimulus to productivity and competition through benchmarks and comparison tables in return for information and support. Above all, customers provide payment for goods and services and, possibly, ongoing loyalty. Customers expect quality products and the availability of parts or service in the long term.

The organization 'holds together' on the basis of its honouring *all* aspects of stakeholder good as indicated in the columns under the Corporate Good or Trust. The neglect of any element of this 'good' can threaten stakeholder trust and hence the existence of the organization itself. It is clear from this perspective that the corporate good is relational: it defines the actual bonds established, in trust, between people. It could be said that this is the heart of the organization from which all corporate value is determined and within which its ultimate sense of unity and identity are defined.

Each party in this relationship rightly expects its trust to be understood and honoured. Employees can rightly expect their employer to be open and honest in their dealings with them; employers, likewise, are right to expect employees to be honest regarding the resources and powers put at their disposal. Investors expect the organization to be diligent and honest in its communications, just as the organization expects investors to honour their commitments. Customers expect sales people to be honest, to be sensitive to their needs, to support their demands—while sales people expect customers to be honest.

The corporation therefore, flourishes or flounders on the **trust** with regard to the relationships by which it is constituted. For one does not entrust one's life to a legal document of incorporation, or a system, or a non-living entity. One entrusts one's life, or the particular good one is seeking, to ***another.*** Obligations following on from a mutual agreement or understanding, in which trust is implicit, are sealed in some way, even by such a simple gesture as a handshake or the giving of one's word. To betray trust is to step aside from such obligations, however they are sealed.

Directors are custodians or stewards for the most part of this implicit trust between the corporation and its stakeholders, and have responsibility on behalf of the corporation to ensure it is not betrayed either by themselves as a group or by others. Our notion of stewardship places the onus on directors to ensure that a just, fair and accountable calculation of value exchange for each stakeholder is made or negotiated. Should the corporation fail to live up to this trust and to provide fair and just entitlements, aggrieved stakeholders will rightly seek redress. When an individual or a group subvert the corporate trust for their own purposes, they plunder the corporate good by substituting their own self-serving version of it. Selfishness and greed can take on the dimensions of wholesale corruption and can rapidly undermine the corporate good, and go further to damage the community good, as was the case with Enron. Of course, some directors may be so out of touch that they do not attend to the wide range of obligations implicit in their role. They may be exclusively taken up in satisfying the expectations of the provider of capital. In our view, the neglect or active suppression of any legitimate stakeholder good will eventually damage the corporation and the common good.

Directors delegate responsibility for the corporate good to all who represent the corporate entity. Above all, the Chief Executive Officer carries the fullest delegation and with it, the burden of responsibility to ensure it is fully honoured by those

actually engaged in day-to-day transactions with a stakeholder, whether it be in the dealings of a sales manager with a customer, a purchasing officer with a supplier or a manager with a member of staff. In the deepest sense, trust—offered, reciprocated and maintained—is the foundation of corporate ethics and belongs to all who make up the corporate entity. From this perspective, corporate ethics are not simply a written code or a list of laws, but something interior to each member of the corporation in his or her appropriation of the corporate good as their own. This appropriation of the corporate good is reflected in the exercise of due attentiveness and responsibility in each one's particular role and task.

Fraud and corruption are expressions of breakdown of this trust. Although methods and systems may be devised to reduce them, the ultimate cure resides within individuals who are prepared to take appropriate action when the system of trust is threatened.

The corporation can thus be defined in terms of the good entrusted to it and of the goods it actually delivers through the multiplicity of schemes and transactions that constitute it. Some contemporary corporate instruments, such as the Caux Round Table's Arcturus management system, attempt to define performance in these terms and assist corporations to measure it.[12] The corporation, if operating from a clear and full sense of the corporate good, will seek to maximise the benefit for all stakeholders without losing sight of its principal task and obligation. This view was evident in the

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[12] Arcturus, also called SAIP (Self Assessment and Improvement Process), is a self-assessment tool for three levels of management, namely for directors, executives and senior managers, to enable them to determine the firm's profile and score of social responsibility by taking into account all stakeholder needs. For details see: http://www.cauxroundtable.org/Arcturus.htm - accessed 2nd October, 2008

approach of the Chief Executive Officer, Ian Stainton, in the successful Penrith Lakes Development Project. Describing his approach as one of "managing with abundance", he believed it brought optimism, trust and confidence amongst staff and established a real and vital climate of trust with all stakeholders.[13]

The CEO and the board can be complicit either in their oversight or neglect of stakeholder good. The calculus of the good to be achieved, which includes the weighing up of the relative merits of all stakeholder expectations, is the work of the CEO in partnership with the governing board. Each director will express this calculus in his or her own way, according to personal history, education, experience, training and particular concerns. A CEO may have a larger view than that of the Board and persuade the Board to adopt this view. Or, a single Board member may have such a vision, and persuade the others and the CEO of its merits. Personal influence, charisma, power and authority derive from a deeply held notion of what is authentic in relation to the 'good'.

A well-regulated, competitive market, in principle, sets up the conditions for each organization to find the right balance in relation to its commitment to stakeholder good. Each commitment to a stakeholder will have its own implications of cost and benefit—a gain for one stakeholder may be a loss for another. The negotiations,

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[13] Ian Stainton presented his account of the Penrith Lakes Development project at the ISBEE 3rd World Congress in Melbourne, July, 2004 as part of a "Presentation on Governance and Trust and Sustainability". Accessed, 2nd October, 2008 at http://www.acu.edu.au/research/flagships/credo/publications_and_reports/

The paper for the presentation was subsequently published in a book of selected conference proceedings. John Little, "Trust in the Mind and Heart of Corporate Governance," in *Global Perspectives on Ethics of Corporate Governance*, ed. G.J. Rossouw and Alejo Jose G. Sison (Palgrave McMillan, 2006).

agreements and commitments between an organization and its stakeholders have a significant, methodological role in developing and upholding trust between them, and in keeping that particular relationship alive.

Stakeholder trust inevitably includes both particular, short-term and sustainable, long-term goods. Dissatisfaction with the delivery of a short-term, particular good, and a concomitant tendency to distrust the relationship with the organization, may be moderated by satisfaction over the clear delivery of a long-term, sustainable good. However, any grounds for distrust may escalate into a confrontation between the stakeholder and the organization. The contagious nature of distrust, spread through word and the media, can precipitate rapid crisis within a corporation, particularly if classes of stakeholders are involved.

Sustainable goods create conditions for a longer wave of innovation and development. The ongoing presence of sustainable good shapes expectations that particular goods will persist. A vigorous monitoring of quality, for example, reflects commitment to a sustainable good. It heightens consumers' expectations and establishes conditions for continuing innovation, for example, of computers, telephones, vehicles, aircraft, and other such consumer products. All these, typically, have high performance criteria that will inevitably contribute to high benchmarks of consumer confidence. Driven by competitive forces, inquiry's focal question for creativity and innovation, "How do we make it not just good, but better, or even best?", drives the organization towards a culture of sustained and continuing improvement.

Depending on the particular organization, each of our eight stages require detailed management in terms of cooperation, scope and specialisation. But whatever the particular profile of each stage, the quality norms of IAM must apply throughout the

structure for an outcome of quality, both within each person and between all those involved. As those responsible for the governance and management of the organization appropriate the corporate good as the basis for all action and all achievements of quality, we can reconfigure Figure 6.1 by placing the appropriated corporate good to lie at the centre of our model, its heart as it were. This is represented in Figure 6.2, below. The looping arrow from Research represents the corporate minding involved in this, as well as with all other stages of the process.

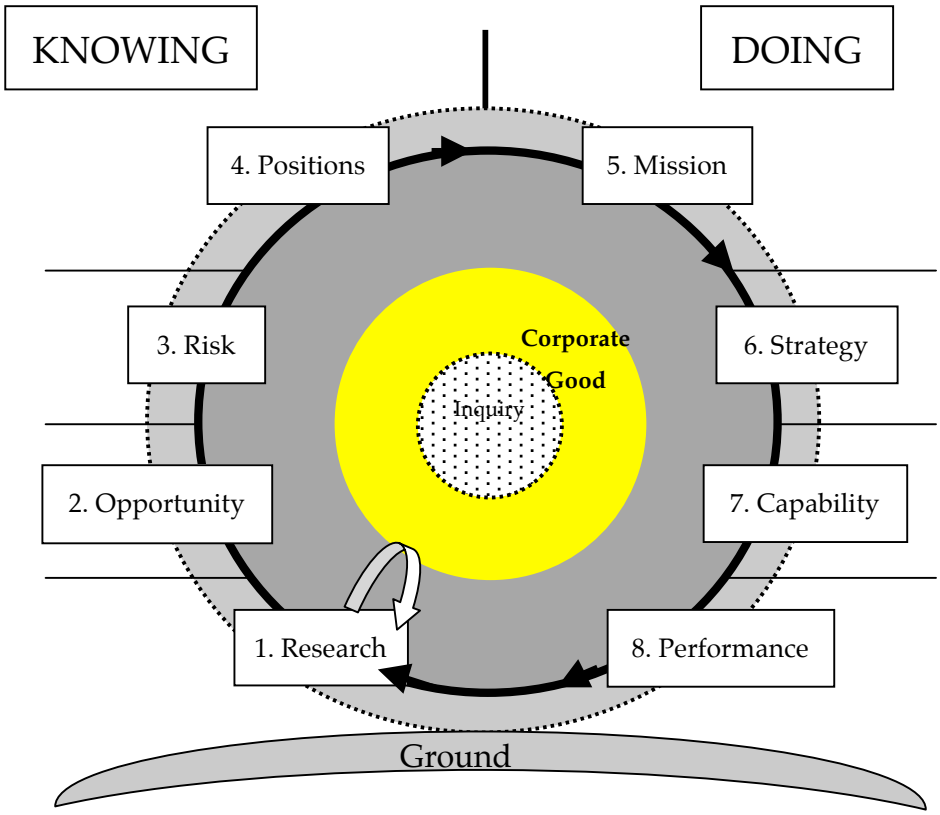


**Figure 6.2: The Corporate Good at the Heart of Organization.**

In corporate deliberations about 'the good of all', there is a sense in which the 'corporate minder' reveals its presence in the questions that arise, namely whether appropriate data has been gathered, whether opportunities are clearly understood, whether risks have been diligently assessed and whether the range of value positions

have been fully explored. Thus will the group be more likely to arrive at an openly shared and common commitment.

## 4. THE ORGANIZATION AS COOPERATION

In its most general sense, the quality precepts of IAM—of being open, attentive, intelligent, rational and responsible—provide the grounds for the organization, IAMO, to be dynamic and value-adding. The criteria, which apply to the individual, also define the quality of cooperation between people.

As organizations vary in size, scope, function and purpose, so do their needs for requisite skills, roles, specialist knowledge, values and experience vary. Each individual brings a unique capacity and capability for cooperation with colleagues in the creation of corporate capacity and capability.

It may be tempting to specify this capacity and capability only in terms of particular competencies, skills, qualifications and achievements. It is more, however. It is a dynamic pervasive entity, a field of mutual commitments, agreements, understandings, expectations, attitudes and memories, built up and sustained within the individuals who make up the organization, and always at risk of being lost, degraded or neglected. Teams, networks and groups share, in varying degrees, in this notion of a collective, of their being part of something bigger. Team spirit or corporate spirit are notions which capture something of this transcendent experience of unity, often elicited and brought prominently into consciousness through particular events, experiences and challenges. Some individuals may bring to a group or team a quality, or *élan*, which engenders this spirit or invites an expectation of it. Janis, however, in his discussion of organizational fiascos, draws attention to a

negative aspect of the power of an unchallenged, individual conviction. It can create the illusion of collective cohesion.

More generally, in his studies of team behaviour, Belbin notes how differences in personal thinking capability, role preference and personality contribute to a team's performance. But Belbin's model assumes a prior willingness of each person to cooperate and engage in the pursuit of the team's purposes. Engagement is a primary attribute—a personal commitment to something larger than oneself. It expresses the drive to self-transcendence through the realisation of personal integrity. Although habit and virtue develop this quality, it is an ongoing achievement, never guaranteed nor fully realised, but to be renewed daily. As we will mention in the next chapter, Senge considers this attribute as the discipline of "personal mastery", one of the five factors he explores in the learning organization.

Although Belbin's study highlights the benefit of team-role complementarity, teams themselves presuppose a more fundamental cooperative relationship. Teams are specialised categories of those who cooperate. The criteria inherent in this primary cooperative relationship are more fundamental than the function of teams in determining the good performance of an organization. Because the qualities of personal integrity are basic to effective cooperation, such qualities set the conditions for excellence in performance on the part of the organization.

A requirement for effective cooperation is particularly placed upon those responsible for governance, since they set the compass for all cooperation across the organization. The quality and authenticity of governance, itself an achievement of cooperation, is subject to the intrinsic quality norms of personal authenticity. The self transcendence of its members is measured by the degree to which their appropriation of the corporate good—the particular and sustainable stakeholder

goods and the human good—directs their deliberations, decisions and delegations and enables them to overcome whatever vested interests they may have in certain outcomes.

But board members will differ from one to the other in their experience, capacity and capability. Each will need to 'know' the business in some way appropriate to their expertise. Each will apprehend the corporate good in their own terms. One may be partial to one stakeholder, another partial to a different stakeholder. The openness of the members of the governing board to explore and discuss differences, to come to common understanding and agreement about the corporate good, and how best to apply it in their deliberations and decisions, is an ongoing achievement of authenticity and their grasp of the methodological injunctions of critical realism.

**Structures of Cooperation**

We speak often about the organization as if it were a person with one mind and one voice. In our metaphysical construct, it is. However, western legal convention has introduced a notion that limits the scope of this construct. For, within this convention, an incorporated entity is a judicial person with rights and obligations, not a living person. It regards the firm's directors, collectively, as its mind and voice; and, under the further aspect of limited liability, protects the owners of the firm's assets from whatever legal claims and liabilities that may arise. Although the legal and social conventions acknowledge the corporate entity as a judicial person, the daily exercise of its corporate authority and responsibility is, in fact, conducted by individual living persons. The metaphysical structure of the organization incorporates and addresses the conduct of people, whereas legal structures overlook it and economic systems ignore it.

### *Governance*

The repository of the organization's authority and power lies within its governing body and its execution is effected through delegations to its executive officers. Governance is not partial but holistic. It appropriates the corporate good which it then uses to set mission and direction, strategy and policy. Governance is vigilant, seeking to be in touch with the organization's performance in relation to this good. It is concerned to make its intentions understood and implemented. Governance is stewardship—a care for the corporate good—and its authority is a function of its authenticity. It fulfils this mandate through processes of delegation and accountability.

Those who govern, however, are often remote from the daily work of producing and delivering goods and services. They delegate to others the implementation of their decisions and the responsibility of advising them on what might be needed to improve things. Delegation sets the terms and conditions for a person's role and task and empowers them with the authority and resources to act on behalf of the corporation. This is another expression of trust.

### *Roles and Tasks*

To achieve its ends, the organization, acting through its executive, establishes a multiplicity of roles and tasks for its members to undertake. The function of the executive leadership is to define the structural arrangements and to negotiate the conditions for fulfilling these roles. Each role and task will contribute to one or other of the recurrent schemes that make up the organization as it operates in a particular environment to meet the expectations of its stakeholders. In turn, the potential development and learning capacity of the individuals involved enable the organization to operate effectively. This implies a mutual obligation between the

individual and the corporate whole. Firstly, those who join an organization to undertake a certain task represent the organization—and this entails shouldering the obligations that the situation demands. Secondly, as their various roles contribute to the general corporate good, they share in the good of its sustainability. Thus, when technology or economic conditions cause certain skills and roles to become redundant, the organization is under an obligation of trust to provide opportunities for the reskilling or redeployment of those affected.

### *Delegation and Accountability*

Roles and tasks are defined within the formal organizational structure. Particular responsibilities, with their accompanying accountabilities, derive from delegations by the governing body through all levels of management and to all employees. The formal structure provides a map of who does what and who reports to whom. It is thus a map of relationships by means of which all employees can locate their contribution to the corporate task.

As action from one corporate decision cascades into a multitude of further decisions and actions, so does delegated authority flow down into the many roles and tasks that are required. As delegation entrusts power and authority to others, so does it impose an obligation on them to give an account of their performance. Entrustment, delegation and accountability are therefore complementary—where entrustment refers to the corporate good and the maintenance of the interests of the corporate body, while delegation gives the authority for another to act within a certain role and task. Accountability closes the loop back with those governing, providing assurance and evidence that what is entrusted to the organization and passed on by delegation to others is being performed in a responsible manner and is delivering the desired outcomes.

**Cooperation within Community**

On a higher level, the organization operates within a social setting, be it that of a community or city, state or nation permeated by certain meanings and values. Society, understood in this general sense, and acting through its laws and system of government, recognises the legitimacy of the organization operating within it. It may be that the social setting in which the organization operates, has developed such high levels of moral awareness and responsibility that will, in turn, challenge the way a particular organization conducts itself. There is an alternative possibility: corruption may be so rife in the organization's social milieu that tension arises between the need for transparency in management practice and the need for the organization to survive in a situation of moral decline in which the sense of the common good is imploding into the promotion of individual interests. But, more generally and ideally speaking, the government entrusts the good of its citizens to all organizations it has legally recognised, with the expectation that their operations will not damage this good. In a particular sense, its laws of health and safety, of finance and taxation, of industrial relations, establish a legal framework of obligation and accountability. The state's authority, on behalf of the community, operates over and above the corporate body, yet is an integral part of what it entrusts to the organization's governance and delegation.

**Cooperation and Competition**

If the source of power is cooperation, what is the value of competition? Does progress depend on competitiveness or cooperation, or both? In answer to such questions, we note, first of all, that to compete is to strive for superiority in a quality. Competition is defined by its goal, that is, by the intentions of those who are competing and by the means they use to attain it. The successful competitor claims

success over rivals, but this does not involve a lessening of good will in the fair competitive process. In fact, competition operates on an underlying platform of cooperation, namely, agreement among all competitors to operate within a recognised set of rules and conditions. In the absence of such agreement, or of its underlying good will, competition gives rise to violence, vengeance and even war. Self-aggrandizement at all costs corrupts the value-creating goals of genuine competition.

Competition is built on the aspiration to possess superior skill and knowledge. If such aspirations are to be realised, vigilance is needed. There must be heightened attentiveness to customers' needs, openness to innovation, willingness to take risks and to stretch boundaries, along with the courage to act in original ways. Such attitudes can be cultivated through careful preparation and training. Yet, competitors may become discouraged, lose confidence in their abilities, become over-tired and over-stretched. They may shift their attention from the competition in which they are engaged to become fixated on the other competitors, and seek harm to them. Cheating and collusion thus corrupt the competitive process and, if found out, damage the reputation of individuals and of firms.[14] When competition is healthy, it

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[14] The Australian regulator of competitive practices, the Australian Competition and Consumer Commission, the ACCC, was successful in 2007, in its exposure of a price fixing arrangement made between two paper manufacturers, Visy and Amcor, by their respective CEOs in 2001. The high regard that the community held Visy's CEO, Richard Pratt, has been significantly eroded by the disclosures of the ACCC and resulting court hearings. "This is one of the most serious, blatant cartels that the ACCC has litigated," Australian Competition and Consumer Commission Chairman, Mr Graeme Samuel, said. He added, "The severity of the penalties reflects the court's view of the cynical and deliberate violations of the trust of the Australian community by those involved. This cartel was covert; it continued for about five years and distorted competition in an industry where Amcor and Visy dominated 90 per cent of the market. It impacted on the prices paid by business which use corrugated

draws out the best in individual capability and performance. If, however, the competitive process is compromised, it brings out the worst in the individuals and organizations involved.

In competitive sport, winning is the result of superior performance within the rules of the game. A good game is judged on the skills and integrity of the players involved, and the fair application of the rules by a referee or umpire. In industry, the rules and conditions may be expressed by law or social convention. They may so cross national boundaries, cultures and jurisdictions that the ideal of fair arbitration is difficult to realise. When this is so, operating outside the law or convention may provide one firm with an advantage over its competitors. Likewise, bribing, endless litigation, and legal subterfuges of all kinds, made possible by the greater resources of a particular organization, corrupt any fair competitive structure. When there is no sense of an underlying cooperation, competition cannot be effective.

Competition may aim to eliminate the competitor completely, and so assume market dominance. A monopoly results, and the benefit of fair competition is nullified. Industrial competition relies on the freedom of the client to chose one set of particular goods against another. When firms compete for a higher market share, their strategies aim to swing consumer preference to their product, and to value its brand, and so on. The benefits of competitive pressure are many, as already mentioned. Products and services that embody innovation, low environmental impact and good service arrangements, and so forth, are more attractive. But

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packaging, and the prices that ultimately you, as consumers, pay." Accessed 13 December, 2008.
http://www.accc.gov.au/content/index.phtml/itemId/802635/fromItemId/623367

competitive pressure has its costs, when, for example, the rhetoric of promotional advertising masks the absence of innovation—or, for that matter, the shortcomings of the firm involved. Porter's study of competitive advantage identifies the critical forces and conditions which foster superior economic performance of firm and nation state. In each aggregate of firm, industry and nation state, Porter's categories for analysis ultimately depend on human cooperation. Ghoshal criticised Porter for allowing one competitor to appropriate resources that should be available to all, as happens when some form of expertise is patented so that others cannot have access to it.[15]

The multinational firm, in particular, offers significant challenges to the development of appropriate forms of international rule and regulation, and the capacity to monitor and arbitrate. The international bodies dealing with trade and monetary policy on an economic level attempt to achieve agreement on the rules and conditions. On the political level, the United Nations Organization, for instance, seeks to embed common human values in its international conventions and protocols. The religious views of what constitute human flourishing also contend at this level. But these matters lie beyond the scope of this thesis.

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[15] Knowledge, such as of the human genome, was for a time considered to belong to the organization that unpacked the detail. A similar issue arises with the patenting and ownership of genetically modified seeds, where knowledge provides competitive advantage to the owner and the total exclusion of others from the market.

## 5. FOUNDATIONS

We have discussed organizations from an intentional perspective, arguing that their performance is correlated to the intentionality of individual and personal integrity. Porter, in his discussions on superior performance and competitive advantage of organizations, drew attention to the central importance of *value*, and thus, of value-chains and of value-adding across the breadth and depth of the organization, both in its primary (logistics, operations and marketing) and support activities (including human resources, procurement and infrastructure).[16] We locate the source and foundation of this value and value-adding within the intentional structure, IAM, which we have repeatedly itemised as attention to data, intelligent grasp of meaning, rational assessment of possibility and risk, evaluation of options in the light of human values, commitment to action, plotting the steps to be taken, and taking the requisite action. We have highlighted the role of inquiry, for it represents openness and pervades all the intentional competencies that have their root in an authentic existence.

As the organization is a cooperative venture seeking a corporate good, we have also linked this corporate good instrumentally to the more basic human good, which arguably provides its foundational orientation. In relation to the good it understands, the organization is heuristic, that is, it is intent on finding the answers that will enable it to do this good and flourish within its environment, and to develop the best governance structure for doing so. In this regard, it is a cybernetic, self-adjusting,

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[16] Michael E. Porter, *Competitive Advantage—Creating and Sustaining Superior Performance* (New York: The Free Press, 1985), 33-61.

goal-seeking system oriented to the human good and working through the four levels of value-adding that we have described. It includes all the intentional attributes of one's self and of others, operating in all roles and functions, from the governing body to the manual activities on the shop-floor. In short, the structure of the organization, as a value-adding entity, is grounded within the pervasive foundational structure of human intentionality. The cooperation, communication, competition and team activity, each, as we have shown a dimension of organizational infrastructure, possess in common a fundamental intentional core.

The daily processes and preoccupations of the organization contain the countless exchanges and communications, ongoing commitments, inquiries and negotiations. In all of these there will be fresh insights demanding attention, cautious judgments holding back new initiatives, impatience or forgetfulness, loss of interest and bearings, brazen self-interest—and so we could go on. At the heart of it all lies IAM—with its invitation for one to grasp and appropriate its imperatives. Such imperatives provide a stable reference from which one can address the myriad complexities and ambiguities of organizational living.

In the following chapter, we will return to Ghoshal's proposal for a new pluralism in business school pedagogy, and examine and interpret it and other influential theories of management, notably in learning and strategy, in the light of our foundational claim for IAM and its extension in IAMO.

In the final chapter, I will examine the implications of IAM from a pedagogical perspective, hopefully of interest to educators, leaders and those responsible for an organization's governance.

# CHAPTER 7: TESTING THE FOUNDATIONS

In the previous four chapters, I developed a structure of organization and governance corresponding to the structure of intentionality, IAM, that we discover within the working of our own conscious minds. IAM has been shown to be a general structure that applies to all minds and to all arrangements of human enterprise and collaboration. In this chapter, IAM's foundational strength for understanding organization and governance is assessed, firstly, by testing its capacity to address issues raised by Ghoshal; and secondly, by testing its durability against selected management theories of learning and strategy.

The chapter is divided into three sections:

1. Addressing Ghoshal's Challenge
2. How Does IAM Handle a Variety of Management Theories?
3. Conclusion

## 1. ADDRESSING GHOSHAL'S CHALLENGE

Ghoshal's challenge to deans of business schools, to examine themselves and what they were doing in their teaching of business, was a cry from the heart. His call to them was clear and urgent: what was being taught in business schools was contributing to catastrophic failures in organization, such as Enron, and they needed to do something about it.

He maintained that business schools were infected by bad theories, and that this had major long-term and adverse consequences on the world-views and attitudes of managers and leaders. He did not underestimate the difficulty of resolving the problem. His diagnosis went beneath theory to probe the contribution of underlying assumptions and epistemologies that dominate academic research, and which, by their nature, are difficult to reverse. In our project of intentionality analysis, we too move into this underlying 'infrastructure' or foundation of theory.

In short, Ghoshal argues that bad theories persist in business education, that the epistemological base for these theories is deficient, and that business schools need to adopt a new pluralism that, ironically, would be a new *synthesis* of pedagogies. He cites many references to support the points he makes. His paper was a serious call to the Academy to discuss and research the issues he raised. As discussed in Chapter 2, all responses in the same issue of the journal offered selected comment or contested particular points. Kanter offered that the 'demand side', the community in which business was engaged, contributed to the problem. Mintzberg agreed with Ghoshal's main contentions, but regarded his diagnosis as both excessive and limited. He offered a simpler diagnosis: human greed. No-one took up Ghoshal's points on intentionality. Did their silence indicate they did not see it as a problem? Was its scope too all-embracing and difficult for anyone to take up?

This thesis responds to Ghoshal in two ways. Firstly, I have set out to recover a place for intentionality within management theory. Secondly, I return to what Ghoshal said, to examine it from the perspective of IAM and to elaborate on some implications that follow for management theory, education and practice.

The main thrust of Ghoshal's position could be summarised as follows:

- Theory shapes practice: Bad theory leads to bad practice, good theory leads to good practice. For example, theories about the human person influence the design of organizations, in structure, policy and management practice.

- Theories of social science are difficult to test. They lie outside the scope of scientific method, have their origin in philosophical ideas and appear to be verified through a "double hermeneutic of self-fulfilling prophecy".

- An epistemology of a disciplined imagination, a scholarship of common sense, as he called it, can contribute to a recovery of business school practice.

- A unified approach to management theory will elude us. A pluralist solution is practical.

I will now comment on each of these points.

**On Management Theory and Practice**

We have shown that theory and practice, or knowing and doing, are value-adding activities within intentionality: knowing shapes what we choose and do, individually and collectively. Although we recognise this link between theory and practice, we do not maintain a causal link, least of all between theory taught in business school and what is practised in business. The connection is more one of emergent probability: right formation and self-appropriation increase the probability that right practice will follow.

With respect to philosophy influencing management theory and practice, Ghoshal referred to the influence of Hume, Bentham and Locke on the Chicago agenda and also on Milton Friedman; and that these, so influenced, have in turn and for ill-effect, "been colonising all the management-related disciplines over the last half century",

namely, in economics, finance, accounting, law, sociology, social psychology and derivative theories of management.[1] Although not taking up his contention about "colonisation", we concur with Ghoshal that philosophical thought can influence theory, ideas and practice. Intentionality analysis demonstrates this. Further, Lonergan's notions of objectivity, reality, truth, the human good and the self, which we have explored in IAM, challenge the ideas of the philosophers that had so much influence on the Chicago School and on Milton Friedman. Lonergan's clear and robust account both of the human person as a self-appropriated, intentional and emergent agent of change, and of human institutions reflecting this, has the critical capacity to contend with the prevailing theories Ghoshal contested, such as *Homo economicus* or the agency theory of governance.

**Theory not Subject to the "Double Hermeneutic Effect"**

An example of Ghoshal's "double hermeneutic effect" in management studies is how a pessimistic view of the human person influences theory, and hence, organizational and system design. Such designs, in turn, serve as self-fulfilling prophecies, when people, so constrained, behave in conformity with the theory. The effect implies a causal link between theory and practice, a determinism in which human agents are powerless to effect change, being uncritical and passive in their acceptance of the structures and systems in which they might find themselves.

By contrast, through the labour of self-appropriation, as Lonergan conceives it, the human person is committed to an independent stance of critical realism, that is, to

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[1] Ghoshal, "Bad Management Theories Are Destroying Good Management Practices," 84.,

find what is true and good, and to work collaboratively to bring this about. Results are not guaranteed, since authenticity in self-appropriation is a constant struggle against personal, group, institutional and social bias. Nevertheless, critical realism alerts one to the 'intellectual / theoretical' climate within which one is operating, and provides the enabling power of inquiry and openness. One is thus helped to diagnose limiting assumptions or disabling constraints. Organizational design, reflecting our notion of self-appropriation, would be more likely to involve processes of open collaboration and negotiation to establish clearly devolved responsibilities and accountabilities and, corresponding to these, appropriate structures and systems.

If the theory of the double hermeneutic effect as a determinist notion can be challenged by a Lonergan-based approach, what value does it have as theory? If it is untestable, how can it be helpful? But if it is testable, how then do we test the truth or adequacy of a theory of human behaviour and of its impact on institutional design and practice? These questions bring us back to what informs our judgment of something being "right" or "wrong", "good" or "bad", "true" or "false". Although we locate judgment as a specific, intentional activity, Ghoshal appears to find his answer within the domain of what he calls "common sense". Thus, we turn to a discussion of his implicit epistemology from which his understanding of common sense arises.

**What is a Valid Epistemology?**

Ghoshal raises questions about pedagogy and epistemology, and takes his stand on a pluralist pedagogy and on the use of an epistemology of "imaginative common sense". In contrast, I argue that an epistemology based on an examination of one's own cognitive operations provides the necessary and sufficient criteria for all theoretical discussion. Insight is into data, and judgment grasps that all conditions

have been virtually fulfilled to validate that what has been understood is correct. Thus, we have the basis for correct knowing. Ghoshal, however, does not make his own epistemological assumptions explicit. He presents an implicit epistemology or notion of knowing what knowing is, which includes the following points:

1. The spirit of free inquiry is fundamental: "I am not suggesting that business school academics should restrict themselves in any way from the spirit of free enquiry"[2]

2. Theory and action are related in human living. The title of his paper asserts this relationship.

3. Understanding leads to practical action: "Whether right or wrong to begin with, the theory can become right as managers—who are both its subjects and the consumers—adapt their behaviour to conform with the doctrine."[3]

4. Distinct methods are needed for distinct disciplines, the differences of which lie in: "the mode of explanation and theorising appropriate to each: causal, functional, or intentional" (based on Ester).[4]

5. "A theory must illuminate and explain and, if it cannot do those things, it is not a theory—neither good nor bad. Wishes and hopes are not theory. Sermons and preaching are not theory either."[5]

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[2] Ibid.: 87.

[3] Ibid.: 77-78.

[4] Ibid.

6. "Excessive truth claims based on extreme assumptions and partial analysis of complex phenomena can be bad even when they are not altogether wrong."[6]

7. Ghoshal draws on evidence to make and support his own case: He is, thus, appealing in some way, to data as the base upon which a theory is to be defended.

There are, however, difficulties with some of Ghoshal's views:

In support of a positivist epistemology, including Popper's canon of falsification for the physical sciences, Ghoshal argues its inadequacy for the human sciences that deal with the complexities and phenomena of human intentionality. He then offers an alternative:

> Freud's inductive and iterative approach to sense making, often criticised for being ad hoc and unscientific, was scholarship of common sense. So indeed was Darwin's, who too practised a model of research as the work of a detective, not of an experimenter, who was driven by the passions of an adventurer, not those of a mathematician. Scholarship of common sense is the epistemology of disciplined imagination, and not the epistemology of formalised falsification that was the doctrine of Karl Popper.[7]

In his respect for a particular kind of common sense that he describes as "imaginative", he walks a path similar to that of the alchemist, before chemistry offered a more effective methodology through the Periodic Table. Likewise, to some degree, he resembles the astrologer whose prognoses have no basis in what

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[5] Ibid.: 86.

[6] Ibid.

[7] Ibid.: 81.

astronomy reveals about the movements and positions of planetary bodies. Though drawing on Weick, he does not make clear what the epistemology of imaginative common sense is that he refers to in his critique of social theory. [8] His own epistemology remains implicit. In our view, generalized empirical method, by contrast, offers the possibility of being both explicit and of finding due rigour in its application to social theory through IAM.

Ghoshal, in his discussion of the scholarship related to management, recognises how theory and theory-building have become separated from concerns of epistemology. However, his assumptions at this crucial point are largely unstated, especially in his appeal to the scholar's personal preferences. He writes,

> The choice among theories, then, falls very much on a scholar's personal preferences rather than on either the discipline of empirical estimation or the rigor of formal deductive logic.[9]

Personal preference is the problem when foundations are lacking, or testable insight is missing. Insight grasps the applicability of theory to a situation. With the understanding that insight provides, one becomes capable of formulating the limitations and assumptions embedded in the data. In this sense one moves beyond

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[8] Weick makes much of the notion of "sensemaking" (he deliberately drops the hyphen between sense and making to signify the unity implicit within it) as an integration of sensing (his term for knowing reality), and making (his term for doing something about it). He regards the ongoing existence of an organization to depend on the sensemaking of those who constitute it. See his chapter "The Experience of Theorizing" in Ken G. Smith and Michael A. Hitt, eds., *Great Minds in Management* (Oxford: Oxford University Press, 2005), 395-413.

[9] Ghoshal, "Bad Management Theories Are Destroying Good Management Practices," 87.

mere preference to a more grounded foundation. The emphasis is not on preference, but on correct judgment.

Ghoshal, referring to Popper's falsification method for the physical sciences, points out that it cannot be used in the social sciences:

> The logic of falsification, which is so essential for the epistemology of positivism, is very hard to apply with any degree of rigour and ruthlessness in the domain of social theories.[10]

Yet, Danaher's exploration of intentionality analysis within the science of chemistry has questioned the value of falsification theory in the physical sciences. It tends to overlook the true nature of insight by equating it with the way it is formulated.[11]

Ghoshal recognises that, as ideas build on each other, theories become more refined: "The nature of the academic process naturally favours building on the existing edifice of theory instead of starting over, on fresh ground."[12] Higher viewpoints build on lower viewpoints, but here too, insight is necessary in enlarging or modifying one's data-based viewpoint.

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[10] Ibid.: 86.

[11] Danaher discusses at some length the failure of falsifications to identify knowing as a three-levelled process involving seven distinct elements: experience, questioning, insight, formulation, reflective questioning, judging, assenting. Citing Popper's rejection of "the act or conceiving a theory" as relevant to its logical analysis, Danaher comments: "Without knowledge of the role of insight in human knowing the falsificationist cannot determine the relationship between observation and theory and cannot account for the process leading to verification." Danaher, *Insight in Chemistry*, 81-88.

[12] Ghoshal, "Bad Management Theories Are Destroying Good Management Practices," 87.

But, in an apparent search for the basis of social phenomena, Ghoshal makes the following assertion: "Theories of social phenomena are, and have to be, ideologically motivated".[13] Such an assertion lacks a critical basis and could hardly be sustained in the generalized empirical method we have been commending.

Note, also, that he goes on to say that a dominant paradigm for management was in fact taking shape, and that it was based on an ideology formed by a defective philosophy:

> Friedman's version of liberalism has indeed been colonising all the management-related disciplines over the last half century.[14]

and later,

> The roots of the ideology lie in the philosophy of radical individualism articulated, among others, by Hume, Bentham and Locke……. to frame our research and guide our teaching.[15]

Thus, he appears to regard philosophical thought as theory of a different kind, without the possibility of grounding it in any way. If Ghoshal is assuming that deficient philosophies give birth to erroneous theories, and that there is a reluctance to revise the prevailing assumptions, then what criteria can be invoked to direct the reform he calls for?

Ghoshal's implicit epistemology, from a critical realist position, appears to falter at several points. For example, he ventures distinctions of "right" and "wrong" with

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[13] Ibid.: 83.

[14] Ibid.: 84.

[15] Ibid.

respect to management theory, "good" and "evil" with respect to outcomes, without revealing the basis upon which such judgments are made. In his call for a new epistemology, he proceeds to specify it as an integrating process, aligning "what is real" with an imaginative view of "what ought to be", and with the attainment of a fresh "understanding". In contrast, in Lonergan's account of epistemology, one comes to know "what is real" by attending to data, inquiring, understanding and judging—a tripartite achievement of intentionality. Further, "what ought to be" is the outcome of deliberation and judgment concerning three kinds of goods: the particular good, the good of order and the overall 'terminal' value pervading the whole process. This, along with its epistemological basis, was discussed in Chapter 5.[16]

Ghoshal appealed to "imaginative common sense", as we have mentioned. In the correspondence that ensued in the journal, *Academy of Management Education and Learning*, Donaldson observes, "Ghoshal lauds common sense, but the natural sciences have shown some common sense to be false, for example, that the sun goes around the earth."[17] Donaldson regards scientific knowing as evidently true when its pronouncements clash with those of common sense. But Lonergan's distinction between common sense, as a descriptive account of objects in relation to the observer, and theory, as an explanatory account of objects in their relation to each other, regards both as valid forms of experiencing and knowing. For him, common

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[16] Lonergan develops this account of the structure of the human good referring to the three types of ends or goals, in Lonergan, *Method in Theology*, 47-52.

[17] Donaldson, "For Positive Management Theories While Retaining Science: Reply to Ghoshal," 110.

sense is a valid form of knowing, but exhibits rather the quality of getting on with life and doing one's job in a familiar, social and cultural situation. It is unreflectively concerned with 'what works'. On the other hand, theory is knowing in a more detached and intellectual mode, and for that reason, often regarded as irrelevant to the demands of busy people who have neither the time nor the training to go more deeply and ask, for instance, '*Why* does it work?'

If there is to be a point of meeting between the practitioner and the theoretician, some common ground has to be assumed; otherwise any attempt at dialogue will result in one talking past the other. This is the essential problem with the various groups to whom Ghoshal refers, namely, deans, academics, practising managers, students and so on. The practice of management is located largely within the common sense field, while the researchers and the teachers tend to be found operating largely within the intellectual sphere. Theory and practice, thereby, appear to be locked in a kind of mutual exclusion. On the other hand, the most practical, beneficial thing can be a good theory. But the grasp of this possibility involves a form of critical realism based on an analysis of how the mind works. We consider that the lack of this explicit knowledge and method lies at the heart of Ghoshal's anguish.

Further distinctions concerning the intellectual pattern of operations in its relation to practice, are needed. Lonergan's treatment of emergent probability invokes methods for social science distinct from the three methods identified by Elster, to whom Ghoshal refers as a guide for reform. Emergent probability offers a more differentiated, yet integrated approach to social phenomena compared to Elster's. It provides an account, discussed in Chapter 5, of overall 'world process' as an integration of phenomena explored within progressively higher systematic schemes of physics, chemistry, biology, psychology, philosophy, religion and ethics. It

invokes four distinct methods—classical, statistical, genetic and dialectic—to arrive at the fullest intelligibility of the phenomena under consideration.

Emergent probability is not deterministic, but it does allow for a causal determinism inherent in classical method. It distinguishes between chance and probability in statistical method as a complement to classical method or law. Genetic method orders what would otherwise be unsystematic within statistical and classical methods. For example, biology systematises what is unsystematic at the level of physics and chemistry, treating with the emergent patterns of form and growth from origin to maturity. Dialectic method is more dialogical, in that it offers a further horizon in the realm of meaning. Without this dialectic method, the mind would be a jumble of partial viewpoints without any integrating overall comprehension of what has been accessible through the prior three methods.[18]

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[18] Our account of intentionality is also an example of emergent probability. The human person is a unique composite of the above seven levels—as phenomena ordered within the domain of physics, chemistry, biology, psychology, meaning, knowledge and ethics. Knowledge of each level can shape what we do at each level: Thus, through our knowledge of physics, we have produced a bionic ear, a prosthetic limb, a pacemaker; through chemistry, we produce molecular compounds with curative or inhibitory effects; through our knowledge of biology, we have developed genetic modification, in-vitro reproduction and antibiotic treatments. Freud, in the analysis of dreams, opened up a study of the psyche and of consciousness itself. Jung developed this study with his later theory of the unconscious and of archetypes. Others, more recently explore conscious processes by examining underlying biological, chemical and neuronal phenomena.

There are, as we have discussed, the higher levels of consciousness, namely, of meaning, truth and value. There is a notion of value in emergent, dynamic consciousness itself: understanding adds value to experience; judging adds value to understanding; and choice for action to change the world adds value to what is judged to be correct.

Achievements in these levels of conscious thinking are not by chance, but subject to probabilities. There is, within the person, the further possibility of self-making, the

Ghoshal does indeed propose that multiple paths need to be taken to integrate the discipline of management studies. Such a plurality of methods would offer respite from the narrowness of thought presently pervading management research. Here, he refers to Boyer's four different kinds of scholarship—research, synthesis, application and teaching—using them to propose an integrated framework for business schools. At that point, he is, in fact, implicitly commending the kind of synthesis that our own model incorporates. But, in his somewhat tentative solutions to resolve the issues he raises, he recognizes that the wisdom of common sense that he invokes is "a walking stick" to be used until a better one comes along.[19] He thereby reveals the difficulties implicit in his own analysis, in the absence of a thoroughly articulated intentionality analysis. If the business schools are to become more informed and responsible, not only must the human person be understood more deeply as the central reference for organization design and management theory, but also for the direction and management of economics, itself.

**An Integration: Towards a Unified Theory**

Ghoshal's desire for a unified theory, a search for which would parallel the physicist's, can find a resolution. First, a true epistemology can be discovered, as "the fresh ground" from which one would resolve the substantive issues that he

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subject being his or her own agent of development through a genetic process. Lonergan has identified various possibilities for the subject: There is a 'neglected subject' in whom there is no awareness of value-adding conscious intentionality; there is also a 'truncated subject' in whom there is awareness, but no understanding or reflection of who he or she is; and finally there is an 'immanent authentic subject', who affirms his or her self as a knower and as a responsible agent.

[19] Ghoshal, "Bad Management Theories Are Destroying Good Management Practices," 81.

identifies, such as those related to the role of fact and value, to the driving force of ideology and the restrictive effect of paradigmatic thinking. Secondly, this epistemological ground provides methods by which the intentional structure of the human person serves as a base for understanding the organization as intentional and value-adding. Thirdly, the notion of emergent probability, within IAM, offers scope to integrate into a unified theory what may otherwise be regarded as separate, autonomous and unrelated disciplines of study.[20] This notion extends that of Elster's, to which Ghoshal referred, namely, Elster's schema of different modes of explanation for different sciences.[21]

In the next chapter, we examine some implications of this unified theory along the practical lines which Ghoshal was recommending. We look at the design of a curriculum for management studies. This would include the imperative for deans of management schools to undertake a more probing examination of themselves and of the theories being taught within their schools.

At base, Ghoshal makes reference to the importance of having a good concept of human nature, but does not explicitly set out what this might mean. In his critique of Friedman, he laments the pervasive adoption of *Homo Economicus*, who is, by implication, less than an ideal type of human being! Ghoshal's idea of "double

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[20] Byrne illustrates the power of emergent probability as a unifying notion in his contribution to a current debate over opposed theories of evolution and intelligent design, in which he shows how emergent probability can integrate and reconcile respective contributions from the distinct disciplines of science and theology. See Patrick H. Byrne, "Evolution, Randomness, and Divine Purpose: A Reply to Cardinal Schönborn," *Theological Studies* 67, no. 3 (2006).

[21] J. Elster, *Explaining Technical Change* (Cambridge: Cambridge University Press, 1983).

hermeneutic of self-fulfilling prophecy" depends on a very pessimistic view of corporate life where people do not have the freedom to resist repressive operational paradigms. Yet, in our terms, IAM both acknowledges the possibility of such freedom and promotes it through the processes of self-appropriation. But Ghoshal appeals to such persons in the tone and urgency of his plea. At the very least, he envisages an empirical method of some kind to guide management-based research and pedagogy, more comprehensive and fitting than is presently the case.

Thus, the generalized empirical method and IAM that we have presented implies an open, expansive notion of the human person, with correlative attributes with respect to the organization and its direction. It offers the basis for a unified theory as explored here. It provides a stable tool which will enable the critical realist to contribute to the progress of an organization and its governance, but without having to demolish what may be incomplete or inadequate. [22]

IAM brings the issues just treated to a point of synthesis. It integrates theory and practice, it grounds an epistemology, it gives rise to a philosophy and a full account of the human person, and opens the possibility for self-appropriation and personal integration in action.

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[22] Bretz argued that this approach of critical realism, based on Lonergan's method, should guide the reform of science education in high-schools. He was responding to a paper, written by Nobel prize winner and physicist, Leon Ledderman, describing a project, The President's Commission for Educational Reform, for which he was an advisor. I argue a similar proposition for the reform of management education. Michael Bretz, "Physics First: Of Insight, Pool Balls, Stasis, and the Scientist in the Crib," *Physics Today* 55, no. 2 (2002): 12, Leon Lederman, "Revolution in Science Education: Put Physics First," *Physics Today* 54, no. 9 (2001): 44.

## 2. HOW DOES THE IAM HANDLE A VARIETY OF MANAGEMENT THEORIES?

Let us now examine how IAM can be compared to a selected number of management theories pertinent to organizational life, grouped according to whether their accounts emphasize the 'knowing' or 'doing' side of intentionality:

1. The learning theories of Revans, Argyris, Kolb and Senge
2. Theories concerning strategy and change management, of Ansoff, Mintzberg, Lewis and Jaques

On the 'knowing' side, we have Revans' action-learning, Argyris' double-loop learning, Kolb's learning styles and Senge's learning organization. On the 'doing' side of intentionality, we have Ansoff's theory of strategic management, Mintzberg's theory of strategy formation, Lewis' cognitive theory of transformational change and Jaques' theory of cognitive power. This division is somewhat artificial, since all theorists hold that learning and action are integrally related. All, in some way, contain an implicit treatment of intentionality.

By comparison and contrast, we can show how IAM has innate capacity to address the issues that each theorist addresses, and to take the discussion further, with consideration given to their limitations and possible development. The theories that we have considered appeal, in their respective ways, to an empirical base. What this thesis brings to the discussion is a larger understanding of empirical demands, especially as it is founded on the conscious experience of our own intentionality. Hence, particular empirical methods are placed in the larger field of generalized empirical method that includes both the data of sense and the data of consciousness.

At this point, there is no need to dispense with Burrell and Morgan's frame of reference that we discussed in Chapter 2, and within which such theories might be located and contrasted. Nonetheless, our aim here is to expose more adequately a common root structure.

Each of these theories has been recognised in management literature, and has influenced business school curricula, consulting exercises and organizational practice. Each has attracted due attention because it seemed to offer solutions to the problems managers were facing.

We note at the outset that each of these theories has its own epistemological assumptions, even if unstated or merely implicit. These theories appeal to a variety of empirical bases and depend, in their different ways, on prior theoretical work and instances of collaboration. For example, Dewey influenced Schön, Schön collaborated with Argyris, and they both influenced Senge. Schön had also considered learning within organizations and societies.

### *Revans and Action Learning*

We discuss first, a basic model of action-learning proposed by Revans, a nuclear physicist, who turned his attention in his later career to the processes of learning within work teams.[23] He had observed how groups in the mining industry, when faced with common problems, helped each other to discover new solutions and apply new methods. He identified three stages in the dynamic process of discovering

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[23] Reg Revans, *Developing Effective Managers: A New Approach to Business Education* (London: Longman, 1971).

new solutions, which he called, "action-learning". The stages, applicable to an individual or to a group, are:

I. An attempt to understand the present situation and its problems

II. An endorsement of the value of experiment for the purpose of arriving at new possible solutions

III. A reflection on how well the action that was taken solved the problem and how it added a new dimension or improvement to common practice.

Revan's emphasis on action was intended to take learning out of the classroom and into the field. Action imposes on learning the practical tests of feasibility, efficacy and applicability. It transforms learning so that revision and constant improvement are demanded. His action-learning methodology has been widely applied across industry in the UK and in Australia from the 1980s. It is now a common feature within MBA and executive development programs.[24] It has also been taken up in professional and academic training in Australia, such as in the medical and agricultural sciences. Its value consists in forcing the learner to step back from theory, and by entering the actual situation, to discover, through empirical investigation, what is really going on—and then to take action to improve the situation.

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[24] The author was contracted in 1988 by IMCB, an English-based university, (now IMCA) to direct the first Australian action-learning MBA program—for 15 senior executives from ICI in Melbourne. See http://www.imcassociation.edu/imcassociation/ici.asp

Revans' theories are not elaborate, and are simply expressed.[25] For example, in a formula for learning, L=P+Q, he identifies two kinds of knowledge, P and Q. P stands for *programmed* knowledge, that is, what has already been known, and so available to be retrieved.[26] It is merely a matter of looking up a textbook or using the internet to find the answer. Q, on the other hand, stands for *questions* one might ask seeking for knowledge that is yet to be discovered and articulated. Accordingly, he proposed that Q-type knowledge is the basis for action-learning. It involves the group's collaboration to explore their common situation, identify problems and discover solutions and bring about change. Revans acknowledges the importance of learners coming to understand what was involved in their own learning activity, including what was happening to them, as learners, and how the methodology that governed their whole approach, worked. Thus 'action-learners' grow and develop personally, as they bring about change in their situation. Unlike Lonergan, Revans does not go so far as to invite a reflection on the conscious and intentional operations involved. His approach is more conventionally empirical, aiming to deal with the data available and relevant to a constructive resolution of problems arising within organizations.

Though placing Q and intuition at the heart of his model, "a random search…not so much a quest over international frontiers or into the labyrinths of high technology as

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[25] Revans is more interested to make his 'theory' accessible than to provide any theoretical foundation, though, in an essay titled "Action Learning and Epistemology", he draws on the writings of Piaget and Locke. Revans, *The Origins and Growth of Action Learning*, 772-786.

[26] Ibid., 763-767.

it is a quest for intuition",[27] Revans does not explicitly allow for intentionality analysis, with its clear place for insight and judgment in the dynamic, structured process of coming to know. We concede, however, that the role of insight, as intuition, is clearly evident in his model for finding new solutions and judging their validity. He also strongly emphasises the basic power of the question, and the value of team-work in finding solutions to problems. Though he links action with reflection, he does not explore the notion of the good, but considers everything under the rubric of finding solutions to problems. Lonergan's structure, by contrast, contains all the effective elements of Revans' approach—situation, action, reflection and questions—but, in addition, contains a more intentional dimension and a more critically aware methodology in order to provide the learner with a fundamental clarity in regard to the legitimacy of the action-learning model. It includes a refined awareness of intentional operations and how this influences personal responsibility in individual and team collaboration.

***Argyris' Single-loop and Double-loop Learning***

A more refined proposal in terms of intentionality analysis is found in Argyris. In his life-long research of organizational behaviour, Argyris was particularly interested in how and why human beings appeared to create and maintain organizational policies and practices that were dysfunctional. He studied "action" and "learning" to find the answers to this puzzle and devised several theoretical constructs, notably single-loop-loop and double-loop learning, and Model I and Model II action theories. These were to guide his research, teaching and consulting interventions.

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[27] Ibid., 766.

For him, a basic definition of learning was "the detection and correction of error" and that, "at the core of action was learning".[28] His distinction between single-loop and double-loop learning and Model I and Model II action theories draws attention, in Lonergan's terms, to the need for critical self-reflection on what one is doing in terms of decision-making in organizations. He has used a simple metaphor to illustrate the difference between single-loop and double-loop learning: a thermostat. His notion of single-loop would be of the thermostat measuring temperature, checking it against the setting, and initiating an appropriate adjustment. A double-loop control would question the setting, and would be free to set a different temperature, turn itself off or even measure something else. He uses this metaphor to promote self-reflection over and above the acquired routines and habits of thought and practice. His action strategies embed these two modes of learning at their core: Model I inhibits inquiry and testing of ideas; Model II "values valid information, free and informed choice and internal commitment to that choice." Model II theory-in-use "encourages a productive reasoning mind-set. Premises are made explicit, inferences are made transparent, and conclusions are made in ways that are subject to robust independent tests."[29]

Thus, double-loop learning and Model II theory-in-use are directed towards questioning basic assumptions, values and directions that inform the organization

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[28] Looking back over his career and his approach to theory development, Argyris discusses his notions of action and learning in Chris Argyris, "Double-Loop Learning in Organizations—a Theory of Action Perspective," in *Great Minds in Management*, ed. Ken G. Smith and Michael A. Hitt (Oxford: Oxford University Press, 2005), 261-279.

[29] Ibid., 266.

and how it and those concerned within it are operating. It involves the questioning of oneself and of one's own possible complicity in dubious organizational routines.

In our terms, Argyris was essentially seeking to facilitate what Lonergan would call "self appropriation", which could be regarded as a form of double-loop learning. Lonergan's analysis was directed to facilitating an understanding of what genuine understanding entails, and so, to lead to a reflective self-possession in one's knowing and doing, with consequences for an operational precision, flexibility and openness.[30]

Evidently, Argyris is attempting to introduce a collaborative, open, critical-realist stance through his workshops and interventions on double-loop learning. Understandably, because of the prevalence of the closed and self-justifying nature of single-loop and Model I action strategies within organizations, he found that managers had great difficulty in coming to grips with what he was getting at. He

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[30] Stebbins, writing on Lonergan's model of authentic knowing and deciding, presents decision, in contrast to learning, as a double-loop process. Although he draws on the same metaphor, his use does not reflect any equivalence of his theory to Argyris'. "This model, which students can validate on the basis of their own experience, helps people focus on the specific activities of the mind and the heart that lead to good decisions, and learn to identify internal and external obstacles that tend to prevent them from performing those activities effectively. Those activities are paying attention to data, exploring in order to understand, verifying the correctness of one's understanding, and deliberating/deciding. These activities can be mapped as a pair of loops, one devoted to diagnosing situations, the other to planning how to deal with situations. Each loop is essentially a pattern of questions and answers that occur spontaneously in any person who is seriously trying to solve a problem and do the right thing. In other words, Lonergan's model purports to be an accurate description of what human beings do when they are at their best." Peggy Sue Loroz and J. Michael Stebbins, "Mission-Driven Marketing Education: Practical Approaches and Problems" (paper presented at the Business Education at Catholic Universities—Exploring the Role of Mission-Driven Business Schools, University of Notre Dame University, 11-13 June 2008).

http://www.stthomas.edu/cathstudies/cst/conferences/becu/Finalpapers/LorozStebbinsfinalpa.pdf

does however make mention of breakthroughs in his workshops, as insights that occurred along the way, but though he recognises their saliency, he does not examine their nature or the act of understanding, as such, within his learning model. Although he argues for freedom of choice, he does not allude to any correlative notion of "good" which choice seeks and around which any notion of freedom and error must eventually be gauged.

There are many close resemblances of Argyris' theories to the applied generalized empirical method that we have appealed to. For both Argyris and Lonergan, in their respective ways, are drawing attention to the importance of the cognitive operations as data to be understood and reflected on, if the process of learning and knowing is to be enhanced. We do not find, however, in Argyris' proposal the refined and systematic expression of intentionality analysis that Lonergan has offered.

***Kolb's Learning Styles***

The following proposal attempts to bring a more psychologically-attuned element into organizational learning. It relates to differences in the way individuals learn, based on preferences they have in their make-up. Kolb's "Learning Styles Inventory" (hereafter, LSI), is influenced by Jung's typology and its subsequent application in the Myers Briggs Personality Types Instrument. It employs the dialectical classifications of "extrovert" versus "introvert", and "feeling" versus "thinking" mentalities. These classifications give rise to two sets of opposing terms in Kolb's model. The first set represents a dialectic in the area of what he calls, "grasping experience", based on a preference for *doing* as opposed to *watching*. He calls these opposing mentalities, "Active Experimentation" and "Reflective Observation". The second dialectic occurs within what he terms, "transforming experience". Here, the opposites are *feeling* and *thinking*, with the former being the dominant characteristic

of "Concrete Experience", and the latter, of "Abstract Conceptualisation". He maintains, in the light of these oppositions, that each learner has a preference for one of these four polarities, and he developed a short questionnaire to establish what preferences were present within oneself.[31] Thus, one may be more inclined to "feeling" than to "thinking", or more content with "watching" than "doing". On the basis of these polarities, Kolb then defines four learning styles: Accommodator, Diverger, Converger or Assimilator, and proposes a four-staged, personal and organizational learning cycle comprising Accommodating, Diverging, Assimilating and Converging styles.

Kolb's construct has been controversial.[32] Our concern with the LSI model is that its elements lie not within the person's own intentional experience, but are an abstraction of three degrees—the first from Jungian psychology; the second on the basis of the questionnaire where meaning and context is imprecise; and the third in terms of the synthesis proposed in the combination of two adjoining axes. The result

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[31] The questionnaire requires respondents to choose one word from each of several pairs of words that best describe themselves in a learning situation. The answers are tabulated according to four categories, the scores then transferred onto a graph of two orthogonal axes. A line is then plotted to join the four scores, forming four triangular shapes in four quadrants. The size of each triangle indicates the relative weight of each of four learning styles operative in an individual, and provides a visual means to ascertain which of the four styles, as he defines them, predominates—Converger, Assimilator, Accommodator or Diverger. Kolb recognises that people approach learning differently and that educational materials and processes must take these differences into account, and that organizations need to ensure that all learning styles are present for balanced learning to take place.

[32] A controversy continued for a couple of years in the Academy of Management between Freedman and Stumpf, and Kolb: Freedman and Stumpf, "What Can One Learn from the Learning Styles Inventory.", Freedman and Stumpf, "Learning Style Theory: Less Than Meets the Eye.", Kolb, "Experiential Learning Theory and the Learning Style Inventory: A Reply to Freedman and Stumpf."

is that the people so classified are abstracted from their own intentional/conscious experience, and as a consequence, are cut off from validating the model employed or imposed. Because it is not based directly on one's intentional cognitive operations, it is largely disconnected from conscious, personal and direct experience. The stirrings of the unsettling questions of inquiry, the transformative power of insight, the reflection required for sound judgment, and the responsible commitment to decision are not taken into account. This lack makes one ask: What are the implications for learning if these are overlooked or neglected?

It must be conceded that Kolb demonstrates an innovative and creative flair in the construction of his model. Its four quadrants have some resemblance to our framework that is presented, not according to four quadrants of learning, but in the four levels of intentionality. Moreover, an intentional dynamic is presupposed in the cyclic, recurring elements of experience, conceptualisation, synthesis, action, and new experience, though Kolb does not place inquiry as the driving force. Though Kolb is also concerned with organizational learning, the learning tends to be dissipated across the four quadrants of individual learning styles, and so does not recognise the dynamics of intentional consciousness shared by all.

In other words, the resemblance of Kolb's proposal to the collaborative and creative framework of IAM that we have been proposing, begins to fracture in several radical ways. Some differences may, on first glance, appear to be semantic. But behind the use of words, and the concepts they convey, are acts of understanding. Words such as "thinking" and "feeling" are used without clarifying their intentional meaning and their relation to human consciousness. In our terminology, for instance, "thinking" can indeed be a rather vague designation of anything occurring in our mental activities. There is, also, a more limited notion of "thinking" as taken to mean conceiving an idea and revising one's concepts with logical precision, as though this

were an isolated and independent operation of the mind that one could turn on or off, as one might a computer. But a more rigorous intentionality analysis places what is commonly termed "thinking" within a structured and dynamic whole, as our knowing proceeds from attentiveness to the data, to questioning its range of possible meanings, to a judgment of what is most probable according to the evidence, and finally to an evaluation, choosing and doing of what might be done.

More to the point, Kolb's model fails to identify the central, coordinating role of inquiry in learning, and so treats "thinking" as a logical, conceptual process distinct from "feeling". His four quadrants are, therefore, not accessed by reflecting on the kind of question one may be asking. His model is, therefore, not sufficiently discriminating as to where the learner might be on the different levels of the cognitive process. It overlooks the seminal nature of insight as a breakthrough, a release from confusion and perplexity, and as the fertile source of concepts.[33] More critically, to condense this whole discussion into learning styles is to prescind from the three dynamic components of learning as the mind attends to data, raises questions for understanding and arrives at a considered judgment. Consequently, there is a danger of defining one's knowing according to a particular style, and of thus overlooking the more dynamic factors that occur in learning and the self-direction that this offers.

More positively, Kolb's classification of preferences in learning styles is a useful indicator of general competencies required in the overall pattern of organizational

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[33] Feelings, as experienced, can serve as pointers to what is happening intentionally. For example, joy and relief accompany insight, confidence is felt in right judgment, and peace comes with good decision.

learning. Kolb maintains that all learning styles need to be activated in some measure in the individual if adequate learning is to result, even if one style tends to be dominant in each case. Kolb, as is clear, is most focused on promoting the best collaboration among professional working groups and notes that, though balance across all styles is needed, accountants tend to be Convergers, researchers are inclined to be Assimilators, sales and marketing people tend to be Accommodators, and Arts graduates are, typically, Divergers.

But where we accounted for the intentional power of the question, Kolb has presented his observations by way of a questionnaire. Where we distinguish the levels of the various components making up the knowing process, he distinguishes his four learning-style quadrants. His terminology in this respect tends to refer a mixture of competencies required in organizational learning, but without analysing the deeper and shared intentionality that is at work. When the discussion is confined to learning styles alone, and to the degree each participant is self-defined within this or that style of learning, a tendency to self-fulfilling prophecy is implied—exactly what Ghoshal feared.

***Senge and the Learning Organization***

If, however, some aspect of genuine change is intended, and if this is able to withstand the tendency toward self-fulfilling prophecy, organizational learning needs to recognise both the intentionality of the process and the complexity involved. Learning, from this point of view, begins with the recognition that a situation has arisen that needs investigation, if a new approach is to be developed and followed through. The model of change presented in this thesis, and those learning models we have reviewed above, integrate learning with decision and action. In contrast to learning in the classroom, Revans' action-learning, as we have

discussed, integrates learning with the practical work environment, with problem-solving, decision-making and implementation of new ideas. It also engenders group involvement in the learning process. Beyond particular action-learning projects, it is not a big step to regard the organization as a whole as a practical learning entity. Thus, the notion of the learning organization has been developed, the better to integrate the learning process of individuals into the operations of management and governance. Hence, much attention has been given in recent years to the function and dysfunction of groups and teams, and their contribution, or lack of it, to an organization's effectiveness. The previous chapter made reference to two particular models: Belbin's Team Roles, and Janis's Groupthink. While neither of these models explicitly considers the topic of learning, both of them implicitly recognise that learning is required for collaboration to be effective.

The learning organization demands to be treated in a more complete fashion. An instance of such comprehensive treatment is found in the writings of Peter Senge, who regards learning organizations as those:

> ..where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning to see the whole together.[34]

Senge writes for the practising managers and, using language and examples they would be familiar with, presents a range of difficult concepts and theories. He draws on more substantive research, such as the work of Argyris, to drive home some of his key points. He has 'packaged' his ideas about the complex nature of organizational

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[34] Senge, *The Fifth Discipline: The Art & Practice of the Learning Organization*.

learning into five themes, each of them interlinked with the other. He is seeking to 'awaken' his audience to a larger view of things, and to do something about it for themselves. It is, arguably, a text about personal change.

To situate his theory, Senge stresses the concept of "whole", particularly as it applies to systems in which complex cycles of interaction, feedback and delay occur. Many managers, he maintains, are trapped in a form of reductionist thinking and problem solving, and fail to appreciate the holistic complexity and interconnectedness of their world. To become more appreciative of the dynamic context in which they are integrally connected as actors and agents, he argues that they need to undergo a personal transformation of thinking before their organizations can truly represent collective aspiration in continual learning. In this, he is not far from Argyris. His prescriptions involve five kinds of skills or disciplines relevant to organizational learning: systems thinking; personal mastery; mental models; shared vision; and team learning. Each of these five terms suggests some form of individual, cognitional activity. I will discuss briefly what he means by each term, and then examine his overall ideas from the perspectives we present here of IAM and IAMO.

"Systems thinking" is the cornerstone of the learning organization, and is, as he calls it, "a discipline for seeing wholes."[35] It appreciates relational properties between parts and their respective contributions to each other and to the whole. It is multidisciplinary, and appreciates the interaction between the organization and its environment in its broadest social, political, economic, technological and ecological dimensions. It appreciates how each influences the other and sees possibilities and

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[35] Ibid., 68.

opportunities for survival, prosperous advance or decline. In systems thinking, there is often no one factor singled out as cause or reason for change or intervention. The whole must be examined and understood, and diagnostic tools designed accordingly.

In "personal mastery", Senge refers to the crafting of one's life within the creative tension that exists between the living out of one's values against dealing with the reality of one's situation. In this, Senge invites one to explore the inner person, including who one is, what one wants in life, one's personal vision, how one reconciles intuition and reason, the use of the subconscious in processes of problem solving, compassion for others, and commitment to truth.[36] This discipline is one of coming more deeply to self-knowledge.

By "mental models" Senge means the "deeply held internal images of how the world works." These includes stories, assumptions, images, generalizations and complex theories.[37] They act as both the semipermanent "tacit maps" of the world that people hold in their long-term memory, and the short-term perceptions that people build up as part of their everyday experience.[38] Because these mental maps are "tacit", they are usually untested and unexamined. As models they are simplifications. In this discipline, one becomes more attuned to the mental models one has built up within

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[36] Ibid., 139-173.

[37] Ibid.

[38] Peter Senge et al., *The Fifth Discipline Fieldbook* (London: Nicholas Brealey, 1994), 237.

oneself, and more open to examining them critically. Senge's exploration of this area draws also on Argyris' work, as we have discussed earlier.

In "shared vision", Senge brings out the power of people working together for a common set of values and aspirations that genuinely come from what they hold and believe. He sees this unity at the heart of what drives an organization. This power can arise within people at all levels of an organization, not necessarily within those just at the 'top'. It links back to the discipline of personal mastery. It encourages managers to develop this discipline within themselves and to foster its development within those with whom they work.

In "team learning", Senge refers to the quality of dialogue and discussion held within work groups, where many of the issues pertinent to mental models, self-mastery and shared vision play out. He refers to specific skills required to manage teams, particularly those of facilitation. In teams he sees a collective intelligence greater than the sum of the parts.

Senge's theory of the learning organization—and these five disciplines—is imaginative and creative. Senge does not present an epistemology, nor does he make clear any of his own philosophical assumptions. The theory was taken up somewhat widely and enthusiastically, and many practical methods were developed to help executives develop the five disciplines. Some of these were later published by "a new organization founded to develop the worldwide community of learning organization practitioners".[39]

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[39] Ibid., xi.

Senge's theory of the learning organization touches many aspects of intentionality, and has many points of convergence with the IAM concept of organization, without coming to the integral and holistic account—and grounding—that we propose IAM confers on the topic. As grounding, IAM puts inquiry as the dynamic drive of learning, and hence, at the centre of our model. Inquiry does have a place within Senge's thinking, for example, as a balance to advocacy,[40] and also in the skills of reflection and openness.[41] The notion of inquiry runs implicitly throughout the whole text. However, it is not highlighted as a separate topic and as a key to learning. In their later publication of field notes, Senge and his co-authors draw attention to the "ladder of inference" as an "action-science" technique developed by Argyris and Schön. This captures the same value-adding steps derived from Lonergan's model, but without the additional precision provided by inquiry as we have presented it, driving progress up the ladder and aiding the sharper differentiation of its stages.[42]

In making inquiry central to IAM, we are drawing attention to the clear, cognitional steps it opens up in learning: attending to data; understanding and formulation; reflection, judgment and assent; evaluation and choice; and implementation. We have presented IAM and its organizational correlate, IAMO, as open (that is, driven by inquiry), systemic and cybernetic. Not only does familiarity with IAM require one to adopt "systems thinking", but it is, at the same time, a systemic account of thinking itself. We have also discussed its robust nature, namely that it is, in its

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[40] Senge, *The Fifth Discipline: The Art & Practice of the Learning Organization*, 198.

[41] Ibid., 278.

[42] Senge et al., *The Fifth Discipline Fieldbook*, 243.

general outline, non-revisable. Thus, as a "mental model" itself, it has a unique place: namely, as the one that Senge implicitly would require us to use in any exploration of our own "mental models". An examination of our own "mental models" requires that we inquire, attend to our own data, understand the data as a mental model, critique it with due rigour, and then act on the basis of our discovery.

Equally, we could relate IAM to Senge's "personal mastery". In his later publication, Senge and his co-authors mention that "the enthusiasm for "personal mastery" has outpaced the development of ideas about how to instil it in organizations".[43] We notice that many features of this discipline correlate to our presentation of intentionality and the role of minder. For example, we find within it scope for the reframing of motivation, for knowing personal values, for being loyal to truth, for getting in touch with what one is doing in the 'here and now', for knowing one's own 'reality', and for creating one's own future. All these are aspects of a critical self-possession.

As has been shown, IAM provides a coherent framework for cooperation, the dynamics of conversation and team function. In this sense, IAM grounds Senge's notion of "team learning", particularly those aspects of conversation and facilitation that he deals with.

Senge's "shared vision" focuses on core values, on their tendency to be lost within organizational routines and on the resistance that can develop against their recovery and renewal. He also mentions collaboration, community values, and clear direction

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[43] Ibid., 194.

as components of "shared vision". His "shared vision" has clear connections to our presentation of the "human good" (as discussed in Chapter 4), and its integral link to the organization and where it is headed (as we discussed in Chapter 6). Commitment to the corporate good is basic to the organization's vision and mission. This commitment and the persuasive power of leadership to engage others in the task, are skills integral to what we have so far presented in IAM.

In contrast to Senge's treatment of cognitional process, Lonergan's refined elaboration is certainly not tacit. His intentionality analysis reveals the construction of the mind that invites a critical self-possession as both knower and doer. The proposal of a model is not an instant guarantor of success: the challenges of self-appropriation occur over time, and demand a continual vigilance, if bias, illusion or error in oneself or one's organization are to be faced. Although Senge's model covers relevant material in a systematic and comprehensive fashion, IAM provides a workable, single discipline and framework within which one can adopt and integrate Senge's Five Disciplines.

In summary, there is irony in Senge's proposal that "systems thinking" is the Fifth Discipline on the basis of its integrating the other four. From our perspective, IAM provides a more vital and personal integration of self, mind, interpersonal relations, organizational dynamics and social processes overall. IAM is more than mere systems thinking in that it is a personal and systemic appropriation of thinking itself. Furthermore, and in this account, it provides a basic set of criteria for self-mastery in the precepts and norms associated with intentionality. It informs the effective collaboration of teams through its recognition of value-adding processes and the role of inquiry to offset any tendencies to one's becoming closed off. It allows for development and experimentation with mental models, but will always seek reference to data in testing their adequacy and suitability. And it promotes shared

vision, since the objective of intentionality is to implement the human good through genuine collaboration.

Senge's continues to develop his own "systems thinking" on learning. His recent theory of Presencing focuses on the power of intentional listening to the 'outside' and the 'inside', as a key to lived 'wholeness' and as the basis for being able to effect transformational change.[44] We see in this development a closer affinity to our IAM and we return to it in the next chapter where we discuss the pedagogical challenge of self-appropriation.

**The Intentionality of Acting and Doing: Strategy and Change**

Strategy is the formulation of what is to be done. To achieve the goals intended, large resources over considerable time must be deployed. Strategic thinking, then, is a demanding exercise of attention, intelligence, judgment and choice. Strategy formation is the process by which strategy is developed. Strategy is like a three-legged stool. It presupposes an understanding of environment, a grasp of the aims of the project and the core values of the organization, and a realistic appraisal of capability and capacity required. Take any of these legs away and the strategy falls over.

Different theorists emphasise different aspects of strategy and of the process by which it is developed. Mintzberg, a prolific and original author in this and allied areas of organization design and leadership, distinguished ten "schools" of

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[44] Peter Senge et al., *Presence—an Exploration of Profound Change in People, Organizations, and Society* (Cambridge MA: SoL, 2004).

strategy.[45] Each school emphasised some aspect or other of such topics as leadership, learning, analytical skill, vision and process. Change, as a topic, was common to all, but the degree to which the importance of cognitive processes were recognised, varied. In his latest work, Mintzberg moves beyond the ten schools towards a general theory of strategy formation.[46]

Though the problem of language remains, with words meaning different things in different philosophical, technical or routine contexts, let us now make brief reference to an early influential contributor to the field, Ansoff, and then to later contributors, including Mintzberg and two of those whom I would classify to be in Mintzberg's Cognitive School, namely, Lewis and Jaques.

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[45] Mintzberg describes the ten schools thus: "Three are prescriptive in orientation, treating strategy formation as a process of conceptual design, of formal planning and of analytical positioning. Six other schools deal with specific aspects of the process in a descriptive way, and are labelled the entrepreneurial school (concerned with strategy formation as a visionary process), the cognitive school (a mental process), the learning school (an emergent process), and the environmental school (a passive process). A final school, also descriptive, but integrative and labelled configurational, by seeking to delineate the stages and sequences of the process, helps to place the findings of these others schools in context". Henry Mintzberg, "The Design School: Reconsidering the Basic Premises of Strategic Management," *Strategic Management Journal* 11, no. 3 (1990): 171, Henry Mintzberg, Joseph Lampel, and Bruce Ahistrand, *Strategic Safari: A Guided Tour through the Wilds of Strategic Management* (New York: The Free Press, 1998).

Mintzberg's earlier paper "Strategy Formation: Schools of Thought" written in 1989, was published by Jim Frederickson in a collection entitled *Perspectives on Strategic Management (Harper Collins 1990)*

[46] Henry Mintzberg, *Tracking Strategies—toward a General Theory* (Oxford: Oxford University Press, 2007).

***Ansoff and Strategic Management***

Ansoff was a pioneer of the concept of strategic management.[47] He argued that a large part of strategy was its management, and that management efforts were focused more often on the development of appropriate organizational capability to meet the demands of the changing world in which the organization was operating, than on the development of strategy itself. He developed a powerful analytic planning model, simple in concept, and based on what he termed "environmental turbulence". It denotes the rate of change occurring in the firm's environment, and the systemic interaction between the environment (E), strategy (S) and capability (C). His E-S-C formula alerted managers to issues related to the management of change. Inevitably, these issues lead to a program of developing appropriate, organizational capability that can deal with a rapidly, changing environment. His model can be applied as equally to a public sector entity as to a profit-making corporation.

Ansoff's model maps clearly onto IAMO. "Environment" corresponds to 'Ground' namely that to which the organization attends in Research, for data to understand, and upon which it also acts to bring about change, in Performance. "Strategy" corresponds to our notion of major actions that take up the intent of the organization's mission and purpose. "Capability" corresponds to our notion of organizational infrastructure that links strategy to action on the ground. As a systems model, and similar to IAMO, Ansoff's E-S-C implies a rich interconnectedness and mutual influence between the three terms. However, for all of its power and simplicity, the model does not directly address the cognitive aspect

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[47] Ansoff, *Strategic Management*. Mintzberg classified Ansoff's schema in the Design School, and close to the Planning School of which he was particularly critical.

of the thinking capability implied within it. Perhaps Ansoff understands this as self-evident, and possibly as a theoretical distraction. For him, therefore, the value of strategic thinking lies, not in the methodological approach to self-management and self-knowing, but in a comprehensive and highly differentiated treatment of the three key terms he employs.[48] His method requires extensive and detailed analysis with its concomitant danger of obscuring fundamental insights and of displacing the key role of the strategist.

Our assessment of Ansoff's model is that it contains insights commensurate with IAMO, and that its value would lie in its clear appropriation by those who are responsible for devising, negotiating and implementing strategy; its further danger lies in its delegation as a technique or process that becomes bureaucratically driven and managed. With this danger in mind, Mintzberg later took Ansoff and others to task.

***Mintzberg and Strategy Formation***

Mintzberg, driven by a desire for synthesis in his theories—two examples being, the nine roles of managers and the five forces shaping organization structure—is seeking, in his latest work on a general theory of strategy, to articulate a holistic framework to cover organization structure, strategy formation, process, decision making, leadership and learning.[49] He sees strategy in terms of a pattern in a stream

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[48] As I had been using Ansoff's model in my consultancy work, I discuss the role of intentionality within it in Little, "Insight, Strategic Thinking and Control," 19-29. There, I illustrate the emergent nature of strategic thinking and commitment, using a personal case study, a consultancy with prison governors. The difference between understanding the context and a commitment to be a leader of change is illustrated.

[49] Mintzberg, *Tracking Strategies—toward a General Theory*.

of actions in organizational behaviour, but looks behind this pattern for what was also intended in the mind of the strategist. He reacts against prescriptive notions of planning, for he recognises the danger of "paralysis by analysis", evident in the schema which Ansoff developed, a characteristic of the 'school' to which he directed his criticism.[50] Excessive analysis loses sight of the creative power of the big ideas, seminal to any given project.

Mintzberg examined the place of strategic insight, namely that there was a unique intelligibility to be grasped, often intuitively and not analytically. His notions incorporate the prime contribution that insight makes in strategy, but he does not make clear how this insight or intuitive process occurs or what its place is within the full set of cognitive operations. He has been critical of a linear logical process, (left brain thinking) for planning, arguing that a more holistic (right brain) approach is needed. He rightly locates insight in this non-logical category, but his use of physiological metaphor, or even if not a metaphor, but an accurate, physiologically grounded event, does not help the person actually 'do' it. In his use of this metaphor of right and left brain, he not only differed from Herbert Simon, who dismissed it as unhelpful, but "fell out" with him over Simon's assessment that "intuition and judgment… are simply analyses frozen into habit".[51] Mintzberg's notion of the place

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[50] ———, "The Design School: Reconsidering the Basic Premises of Strategic Management."

[51] We have earlier discussed Simon for his reductive notion of thinking. Mintzberg reports his falling out with Simon in ———, *Tracking Strategies—toward a General Theory*, 330. Simon's comment was "Intuition and judgment—at least good judgment—are simply analyses frozen into habit and into the capacity for rapid response through recognition" in Herbert A. Simon, "Making Management Decisions: The Role of Intuition and Emotion," *Academy of Management Executive* 1, no. 1 (1987): 63.

of insight corresponds broadly to Lonergan's, but he does not offer the fuller, more focused account of its systemic integration within cognitive operations. In the following quote, Mintzberg locates strategy within imagination as conceived or as intention before action.[52]

> All strategies are abstractions which exist only in the minds of interested parties…. It is important to remember that no-one has ever seen a strategy or tackled one; every strategy is an invention, a figment of someone's imagination, whether conceived of or as intentions to regulate behaviour before it takes place or inferred as patterns to describe behaviour that has already occurred.[53]

Mintzberg's synthesis, in his general theory, brings together a range of considerations about structure, strategy, process, mind, leadership and collaboration. His empirical approach, namely his study of strategy formation that occurred over decades in eleven different organizations, provides a rich set of observations about practice and of the configurations of strategy formation that vary between one organization and another. There are many references to the model we have been presenting, where the mind of the person and the mind of the organization share a similar structure:

> The heart of strategy formation process can be found in learning from tangible experiences and visioning from creative insights. It lies, if you like, in the answer to those two issues discussed in the entrepreneurial and adhocracy configurations: how to get into the mind of the strategist and how to read the mind of the organization.[54]

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[52] In contrast, Lonergan locates direct insight as the grasp of intelligibility in data as imagined, and as formulated in conception. Lonergan locates practical insight as the grasp of intelligibility for action.

[53] Mintzberg, "The Strategy Concept I: Five Ps for Strategy," 16.

[54] ———, *Tracking Strategies—toward a General Theory*, 375.

This duality Mintzberg also locates within his own development of theory in relation to the range of configurations he had identified:

> Overall I have been searching for their deceptive effectiveness, first through the study of their elements, subsequently combined to understand their forms, these then surpassed to reveal their dynamics, all the while concerned with the dark recesses of intuition hidden amongst the brilliance of their formal analysis. Cycling has characterized my own behaviour as well as the theory I have developed, as I have come to see organizations in increasingly dynamic terms.[55]

Mintzberg, however much he developed his theories around the nature of insight, does not indicate any familiarity with Lonergan's analysis. Although he broke from Simon, Simon's notion of experience, intuition and judgment reflect our three levels of intentionality, but appear truncated and mechanistic in his statement that "intuition and judgment are frozen into habitual routines", and not activated in any original sense by inquiry. Rightly Mintzberg rejected this, but did not appreciate the integral nature of creative insight (intuition) and reflective insight (judgment) in knowing, of their relationship to each other and of their higher synthesis in the practical insight, that so concerned him, of strategy.

His rich contributions to the dynamic processes, in our view, find their integration ultimately in IAM, since IAM would also support Mintzberg's notion of strategy as both intended and emergent. What emerges in practice may differ from what is intended as adaptive decisions and adjustments are made, by many along the way, to the strategic intent. As responsibility to implement strategy is delegated to others,

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[55] Ibid., 335.

they take it up with their own background, capacities and orientations, and make their decisions accordingly.

To the end of their text on the ten Schools, Mintzberg and his co-authors represent, in diagrammatic form, the various schools in relation to each other. The cognitive school is represented at the centre, the only one "black boxed".

> The positioning school looks *behind*, at established (historical) data, which it analyses and feeds into the black box of strategy making. On the other side, coming out of the black box in succession, are the planning, design, and entrepreneurial schools. The planning school looks *ahead*, but just ahead, to program the strategies somehow created in other ways. The design school looks farther *ahead*, to a strategic perspective, while the entrepreneurial school looks *beyond* as well as *beside,* past the immediate impediments to a unique vision of the future.
>
> The learning and power schools look below, enmeshed in the details. They concentrate on trees more than forests. Learning looks on the ground, sometimes into the grass roots. Power, in a sense, looks lower (but not deeper): under the rocks, sometimes even underground, to places that organizations do not always like to expose.
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> Looking down from above is the cultural school, enshrouded in clouds of beliefs, while well above that is the environmental school, looking *on*, so to speak. And in contrast to the cognitive school, which tries to look inside the process (through the microscope, as opposed to the reversed telescope of the environmental school), the configuration school looks *at* it, or, we might say, *all around* it.
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> We can conclude that our ten schools look at the same process every which way.[56]

This description of the ten Schools concludes that some form of "looking" characterises all. An account of this "looking" is given, cognitionally, in IAM.

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[56] Mintzberg, Lampel, and Ahistrand, *Strategic Safari: A Guided Tour through the Wilds of Strategic Management*, 370-371.

Although IAM is cognitional, it differs from those located in the Cognitive School, as we will discuss.

Given the prominence and centrality of the Cognitive School in Mintzberg's analysis, it is appropriate to discuss briefly two examples, one, of a colleague, Geoffrey Lewis, the other of Eliot Jaques. Both have made significant contributions to the teaching and practice of strategic management in Australia and elsewhere. Both explore correlations between the individual mind and the organization. Lewis deals with what he calls a collective cognitional structure (the organizational mind) undergoing transformational change in the formation of new strategy. Jaques seeks to match the organization's capacity to handle environmental complexity (its requisite variety) to the cognitive capacity of individual minds operating at different hierarchical levels. Both offer compelling insights into the culture, processes and structure of organizations. Although a detailed review of their theories is beyond the scope of this thesis, a few points of contrast with IAM are worth noting.

***Lewis and Strategic Change Management***

Lewis identifies two forms of organizational change: incremental adaptation (a basic cybernetic model of adaptation) and metamorphic transformation. His primary interest lies in the latter, which he argues, only occurs as a result of fundamental shifts in the cognitive structures of decision makers.[57] He argues from five principles that cognitive science holds about the nature of the human mind and of the cognitive

[57] Geoffrey Lewis, *Corporate Strategy in Action* (London: Routledge, 1988).

structure so formed.[58] This does not include any reference to the subject, the person in possession of that mind, and of the possibility of some kind of personal control over the mind's processes as Lonergan carefully worked out in his generalized empirical method and presented here as IAM.

Lewis equates cognitive structure with the actual content of core beliefs formed from cognitional process—and that this structure has to break down or change before organizational change can occur. In this, he makes a strong case, with which we concur, for the manner in which a coherent set of beliefs in the mind creates, shapes and forms an organization. But we differ in our appreciation of what cognitional structure means. Our focus on cognitional process assigns to it the notion of cognitional structure: namely, that the process is robust and unchanged; that it underpins all our knowing, whatever the circumstance; and that as a pattern of recurrent operations, it constitutes cognitional structure, and not the content. By attending to this invariant structure, we are in fact appropriating ourselves as knowers, and thus become more open to the limitless potential thereby implied.

Although Lewis recognises insight as a transformative event in organizational change, and in the collective cognitive structure as he defines it, he does not investigate its place within cognitional process and communications as does Lonergan. He treats the mind and its cognitional processes in the mode of cognitional science, as imposed on and constrained by the environment.

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[58] Briefly, his five principles are: 1) An inference mechanism develops core beliefs. 2) These are held to be consistent and unchallenged. 3) The environment imposes itself, and in this way, reality constrains the mind. 4) The inference mechanism attempts to keep core beliefs simple. 5) The mind resists change to its core belief structure.

Furthermore, the environment is then equated with reality. In this view, reality is external to the mind and its core beliefs.[59] Lonergan, in contrast, treats reality as that which is understood correctly—as a known—with direct correlation between the knower, the knowing and the known. Thus, there is no bridge that separates subject (the knower), and object (the known). The person has a robust, cognitional structure and, as an agent in possession of this structure, determines, through its directed intentional operations, its own cognitional contents.

Lewis' analysis highlights the complexity involved in these matters, particularly the linkages between mind, culture, values, processes, decision, action and change. To this extent, his analysis offers much richness and texture that can build on the foundational structure of IAM. IAM, in contrast, would introduce a deeper consideration of his notion of "core beliefs", of their intentional correlates in understanding, knowing and deciding, and of the 'power of one' to bring about organizational change through negotiation and persuasion.

***Jaques and the Requisite Organization***

Jaques had a different emphasis on cognition. He focused his attention on the cognitive capacity of management as the prime determinant of organizational capability.[60] His ideas were focused on work arrangements rather than on process and strategy. He had been influenced, in an earlier career as a psychoanalyst, by the ideas of Freud and Melanie Klein, and also, as a founder member of the Tavistock Institute of Human Relations, in his work on group and organizational processes.

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[59] Lewis, *Corporate Strategy in Action*, 20.

[60] Jaques, *Requisite Organisation. The CEO's Guide to Creative Structure and Leadership*.

Jaques developed a comprehensive theory of organization that correlates a person's capacity to grasp complex data sets to their ideal position in an organizational hierarchy. In particular, he linked cognitive capacity to an ability to grasp the complexities inherent in a time horizon. Upper management would be required to grasp the complexities implicit in a 10—20 year time horizon, whilst lower management in the mine or factory would only be required to deal with complexities implicit in a time horizon of several months. This was his notion of *requisite* organization, namely, that the capacity of individuals collectively was requisite, or adequately matched, to their environment. His schema covers decision, knowledge, judgment, skills, task, human work, personal development, responsibility, values, accountability, leadership, succession planning, roles and relationships. His theories were acted upon, for a time, by a large, Australian mining company, CRA.

Jaques does not identify any epistemological base for his theory. His definitions and treatment of his core propositions are brief, such as: "Cognitive processes: comprise the mental processes by which you take information, pick it over, play with it, analyze it, put it together, reorganize it, judge and reason with it, make conclusions, plans and decisions, and *take action."*[61] And, on the creative process: "The non-verbal thinking processes are the main springs of human innovation and creativity. All human thinking, and therefore all human work, is a continual and powerful interplay between verbal and non-verbal thought processes".[62]

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[61] Ibid., 33.

[62] Ibid., 35.

Although his analyses of hierarchic progression and organizational task are extensive and somewhat prescriptive, he does not indicate any appreciation of the inherent dynamic of cognitional process as driven by the power of inquiry, of the transformative nature of insight, of its role in judgment and decision, and of the potential contribution that self-appropriation of this structure can play in improving organizational performance. This neglect significantly reduces the potential for cognitional growth that his theory depends on. In contrast, our approach emphasises self-directed cognitional growth, with its foundational base in IAM, and its project of self-appropriation and the creative, critical and ethical thinking that this engenders.

**Searching for an Integrated Theory**

Each of the above theorists, of learning and strategy, has recognised the essential role of cognitional process and each has different notions of what this means. To some extent, they exemplify the pluralism about which we opened our discussion. Our emphasis on intentionality has drawn attention to the key to understanding cognitional process which none have recognised or appear to be familiar with. We have tried to show how IAM sheds light on areas they do not examine, or shifts an emphasis from process to person, thereby providing a means by which the organization becomes alive. In short, IAM provides a foundation upon which the range of ideas of these theorists can be based.

Mintzberg, above all, has seen his own attempts to theorize as bringing about a synthesis. We see, within his approach, a synthesis achievable within intentionality. Insight is the act through which it occurs.

Schein, whose work I followed closely in Process Consulting, in his later writings, reaches for a higher synthesis. He witnesses to a concern not unlike that of Ghoshal. Both are searching for an integrating theory. He writes,

> I am left at this point (age 77) with more of a sense of realism about self, individuals, groups, organizations, societies, and health itself. The unfinished business is to figure out how teaching, consulting, therapy and other modes of influence draw on the same basic change model, but do so differently and with different goals and results. ….. Deep down I think organization studies is still in a pre-Darwinian state of development. We do not yet know what the key categories of variables are around which to build our field, but the search for them is great fun.[63]

The key focus of my thesis is that a return to the 'subject' (as opposed to 'object'), through intentionality analysis, provides a method to define some "key categories of variables on which to build our field." Schein's search for a general theorem, to apply across multiple disciplines and networks of human interaction, would find a fitting answer within intentionality analysis.

## 3. CONCLUSION

I have examined how the notion of inquiry-lead cognitive processes, opening to insight, judgment and decision, provides a full account of intentionality expressed in eight value-adding stages of organizational processes. The concept is integral. It places IAM within all of the eight stages, and thus opens the possibility for richly innovative and critically real decision-making at all levels of the organization and in all its functions.

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[63] Edgar Schein, "From Brainwashing to Organizational Therapy," *Organizational Studies* 27, no. 2 (2006): 299.

I have examined selected management theories in three areas—learning and strategy in this chapter, and team, group dynamics and knowledge in earlier chapters—to compare and contrast them with IAM, showing how IAM strengthens some aspects of these models and challenges others. This is a new idea and a new tool that requires one to examine what is happening within one's own mind when it is at 'work', and to discover, therein, a robust, methodological structure to transform management and leadership. The paradox is that the new tool is oneself.

Since the concern of education is first of all oneself, I proceed, in the next chapter, to examine the challenges of introducing IAM into management, executive and director education.

# CHAPTER 8: CHALLENGES OF EXECUTIVE AND DIRECTOR EDUCATION

We have presented the structure of organization and governance as an account of collaborative knowing and doing in conformity with the intentional structure of the human mind. Guided by Lonergan's intentionality analysis, we have shown how we find evidence for this structure within ourselves, as well as in the modes of knowing and doing proper to science, mathematics and common sense. In the previous chapter, after discussing how this general claim addressed the issues Ghoshal had raised, we tested it against two themes of significance and current interest in organizational studies and practice, namely, in regard to learning and to strategy. We propose that this is a foundational structure for the theory and practice of management. We named its application for the person as IAM, and for the organization as IAMO.

In this final chapter, we explore the implications of IAM for management and business education. Since it covers the processes of thinking itself, IAM has direct and universal relevance for education. Furthermore, since it directly addresses thinking as the value-adding driver of organizational process and achievement, it has direct relevance for the education of managers, executives and directors. However, because of its unique claim and method as a foundational tool, IAM presents a correspondingly unique pedagogical challenge, particularly in light of some contemporary thinking about business education and pedagogy, notably that of

Moldoveanu and Martin, who have identified "integrative thinking" as their primary, pedagogical challenge.[1] I present my reflections on these matters in this chapter under the following headings:

1. Intentionality within Business Education
2. The Pedagogical Challenge of Self-appropriation
3. A Template for the Pedagogy of Intentionality
4. Conclusion

## 1. INTENTIONALITY WITHIN BUSINESS EDUCATION

Intentionality, as a topic, is neglected within business education and practice, as Ghoshal pointed out. While recognising that Ghoshal does not show any familiarity with Lonergan's systematic analysis of intentionality, it is appropriate to ask how such intentionality analysis might fit within business education.

Business education is largely concerned with what to do and how to do it. As we have noted, business is not a theoretical science, but a field of common sense, where learning is passed on from person to person, in most cases 'on the job'. At times, this is through innovative and entrepreneurial activity, and at other times, it is passed on in the normal course of getting things done. This kind of 'on the job' learning is primarily tacit, practical and collaborative, as people develop skills and adapt to new

[1] Moldoveanu and Martin, *The Future of the MBA—Designing the Thinker of the Future*.

situations through their cooperation with each other on a common task. In this respect, the structure and dynamics of intentionality—or, in common terms, the nature and processes of thinking—remain tacit and implicit.

Formal educational processes, 'off site', complement and influence 'on the job' formation and education. Specific training activities, specialist courses, graduate degrees, lectures, reading, practical assignments, business simulation activities, conferences and field trips, all contribute at some time or other to the formation of a manager, executive and director. This formal area lacks cohesion and integration. The proliferation and specialization of management topics, as we noted earlier, do not lend themselves to any fundamental considerations of a comprehensive integration. Consultants and specialists may add to this proliferation, and contribute their respective authority as they promote this theory or that. Organizations themselves are always in danger of operating as a number of uncoordinated, specialist 'silos'. Furthermore, executives always face the unexpected event in rapidly changing environments, and may lack requisite experience to deal with it. We recall the difficulties faced by board members of Tricontinental, unfamiliar with new merchant-banking regulations, relying on a CEO who himself lacked the requisite experience and competence. In all of these examples, under the pressures of change and proliferation of 'content', the demands of intentionality, as we have discussed, are generally overlooked and unrecognised.

In addition, alongside and contributing to increasing specialisation, there have been developments in modern information technologies. These extend a person's capacity to communicate, share information, undertake intellectual and analytical work and coordinate action on projects of great complexity. Although those using these new information-based tools are referred to as 'knowledge workers', knowledge, as we have discussed, resides within the intentional achievements of the person, not within

technology or its various tools or applications. There is, likewise, the danger when technology is so emphasized, that organizational activity becomes detached from its intentional roots.

In the modern organization, the generic intentional skills of cooperation are generally taken for granted: trust, openness, receptivity, creativity, judgment and decisiveness. Yet these are the very competencies that ensure things get done. They are, as we have noted, strictly the provenance of the persons involved. Furthermore, the purpose and reason for things getting done are not always related back to the manifold human good which we have presented as defining organizational purpose, and as discoverable through the appropriation of intentionality. Whatever the specialised content of business education, however complex and rapidly changing its environment or sophisticated its technology, the intentional qualities of which we speak are those ultimately most in need of attention and development and most in risk of neglect. They make up the primary business tool, the human person, who is the primary source of value and of value-adding. Since it addresses this area, intentionality analysis has a key role to play in business education. From the perspective of generalized empirical method, it can be called the *science* of intentionality.

It is appropriate, from this perspective of generalized empirical method, to recall Ghoshal's call to management theorists to persist in their search for a grand unification theory—comparable to that of the physicists—that would combine "the

different and contradictory facets of human nature and organizational behaviour".[2] Lonergan's reflection on understanding in the Introduction to *Insight* indicates where that search could be fruitful—a direction generally overlooked, but particularly relevant to Moldoveanu and Martin's "integrative thinker" and to business education: "Thoroughly understand what it is to understand, and not only will you understand the broad lines of all there is to be understood but also you will possess a fixed base, and invariant pattern, opening upon all further developments of understanding."[3]

We have also taken seriously Ghoshal's lament about the neglect of intentionality, specifically its linkage to ethics and morality which, he argued, lead to business practitioners' oversight in regard to the demands of morality. To address these problems, he stated that "the ultimate goal was to go from the pretence to the substance of knowledge".[4] Ghoshal, an original contributor to management theory on the nature of the global enterprise and strategy, did not present any clear epistemological base upon which this "substance of knowledge" could be built. He had no solution other than what he called a "temporary walking stick". He had, in short, no explicit analysis of intentionality to appeal to. In contrast, our treatment of intentionality has lead to a thorough account of the human person and of

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[2] Ghoshal, "Bad Management Theories Are Destroying Good Management Practices," 87.

[3] Lonergan, *Insight*, 22.

[4] Ghoshal, "Bad Management Theories Are Destroying Good Management Practices," 87.

organizational process, and to an epistemology upon which the substance of knowledge can be built.

Ghoshal rightly saw the problem as broad and systemic. His call to governors of business schools to become more involved in what has been entrusted to them, reflected a view of governance as an open, interactive stakeholder relationship, a view also advanced in this thesis.[5]

> The role I see business school governors play is more one of stewardship – involved, supporting, and challenging rather than detached and controlling… Companies and managers at large can also get into the act…. Both as individuals and collectively, business school alumni and corporate leaders can exert significant pressure to realign the perspectives and priorities of the institutions they support.[6]

Reaching beyond the business school, he called on the Academy of Management to act towards the rational reconstruction of society:

> While the leaders of the Academy have expressed their concerns about the corporate scandals, they can do much more to create a new intellectual agenda that would support James Coleman's vision of the social sciences providing actual help in what he described as "the rational reconstruction of society".[7]

Ghoshal sought change within the industry in which he was a prominent and influential figure. His endorsement of the "rational reconstruction of society" would involve the leaders and directors of the many organizations of which society is made

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[5] Ghoshal had admitted that his view of governors had been restricted to their oversight of financial matters, but now he saw them to be stewards concerned with the larger questions of what the business school was doing. Ibid.: 88-89.

[6] Ibid.

[7] Ibid.: 89.

up, coming to some kind of common view of what the problem was and how it might be resolved, possibly through some form of rational and purposeful discourse.

Deans and academics of business schools took these concerns seriously when they gathered at the Rotman School of Management, University of Toronto, in 2006.[8] They sought serious dialogue with prominent and well-regarded critics of management education, including Mintzberg and Pfeffer[9], with a view to exploring possible solutions to the issues they identified. Subsequently, the conference hosts, Moldoveanu and Martin, drawing on these conference discussions, published their own critique and "reconstructive" approach to business education, somewhat provocatively called a *design*, not only for the future MBA but, more significantly, for *the thinker of the future*.[10]

The authors equate the thinker of the future as a "high-value decision-maker", and focus, in particular, on "integrative thinking" as one of the core competencies

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[8] The conference hosts acknowledge their debt to "Ghoshal's epistemologically informed critique of the intellectual and sociological landscape of business academia". Moldoveanu and Martin, *The Future of the MBA—Designing the Thinker of the Future*, ix.

[9] Henry Mintzberg, *Managers, Not MBAs: A Hard Look at the Soft Practice of Managing and Management Development* (San Francisco: Berrett-Koehler, 2004). Jeffrey Pfeffer and Christina T. Fong, "The Business School "Business": Some Lessons from the US Experience," *Journal of Management Studies* 41, no. 8 (2004).

[10] The authors refer to the book's subtitle as "both an exhortation to professional education programs (most prominently the MBA) to become *designers* of better thinkers, better communicators, better managers, better humans, and an acknowledgement of the fundamental design orientation of the educational reformer, who should aim to *design and build the designer* of more successful human interactions." Moldoveanu and Martin, *The Future of the MBA—Designing the Thinker of the Future*, viii-ix.

required.[11] Influenced by Ghoshal's analysis, they explore similar reasons why business schools have failed to produce such competencies.[12] They then propose what business schools might do to change this situation. However, although they focus on "integrative thinking", they do not specifically take up the topic of intentionality and its link to ethics in the way that Ghoshal had done. Nor do they focus on ethics itself, apart from their presenting Pfeffer and Fong's view[13] that ethics as part of managerial professionalism had been compromised, as professionalism had been eroded under the sway of exclusively pecuniary incentives in business.[14] However, they do give some prominence to "discourse ethics", to characterise the integrity, honesty and tough-mindedness in inquiry that academics can instantiate and, thus, teach by example. In their discussion of integrative thinking, they acknowledge its place in the difficult task of moral deliberation, and regard the requisite skills as "not developed, selected for, or even identified in current MBA programs."[15]

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[11] Martin had published earlier thoughts about integrative thinking in R. Martin, "Integrative Thinking: A Model Takes Shape," *Rotman Management*, no. Fall (2002).

[12] Similar views have also been expressed in Warren G. Bennis and James O'Toole, "How Business Schools Lost Their Way," *Harvard Business Review* 83, no. 5 (2005). and Glenn Detrick, "Russell L. Ackoff," *Academy of Management Learning and Education* 1, no. 1 (2002).

[13] Pfeffer and Fong, "The Business School "Business": Some Lessons from the US Experience."

[14] Moldoveanu and Martin, *The Future of the MBA—Designing the Thinker of the Future*, 15-18.

[15] Ibid., 37.

The authors draw up their broad specification for the integrative thinker on their analysis of the multiple epistemological and ontological approaches—ways of seeing the world, explaining it, arguing for one's view and so on—that characterize discourse in the modern organization. Lacking the notion that we have explored, of insight as the integrator, the authors nevertheless recognise that something tacit is operative within the integrative thinker that enables him or her "to think and act responsibly and responsively in the face of multiple, incommensurable, and possibly conflicting models of oneself, the world and others"[16] They contend that this skill does require a clarity in terms of "thinking about thinking" that is, in turn, "a feature of management thinking that is not part of the rational decision-maker's repertoire, an *executive function* that monitors the structure, dynamics, and utility of *thinking itself* and *can control* the thinking processes involved in strategic deliberation."[17] Again, the authors approach the key elements we offer in IAM.

On deeper matters related to epistemology, they support Ghoshal's view of pluralism and endorse, more strongly than he, Popper's falsificationist doctrine:

> Empiricism (not the metaphysics that grows on top of it) and falsificationism form the *lingua franca* and the regulative framework of science, and all we need (assuming we practice it) is to teach it in ways that impart it not only to the mind, but to the flesh, to behaviour.[18]

Though they refer to Popper's "epistemology" as "valid" and "normative", they also appear, in contrast, to countenance a notion of epistemological pluralism. In seeking

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[16] Ibid., 48-49.

[17] Ibid., 37.

[18] Ibid., 73.

to broaden research on what is normative in managerial judgment and decision-making, the authors argue that research should "look comparatively at other epistemological stances as possible candidates for normative lenses for the systematic study of the ways in which managers form and update beliefs."[19] This highlights the difficulty of finding and defining a common ground for epistemology and method—and metaphysics—and starting afresh from it. Were they open to look sympathetically to, and examine critically, the claims of generalized empirical method, such as in Lonergan's texts *Insight* and *Method*, they would find a thorough and integrated treatment of what they perceive as the integrator's core tacit skill. They write: "Parts of the integrator's problem have been articulated—not in any management textbook that we know of but in attempts by a few thinkers to come to grips with the link between words and objects, thinking and doing, perceiving and believing, and believing and knowing."[20]

Thus, their description of the modern executive as an "integrative thinker" has many similarities to what we have presented for IAM. Yet, in our view, although their analysis has many parallels to our own, they have stopped short of entering a more fertile domain, promoted by IAM, of self-reflection and appropriation. This domain is the foundation of intellectual toughness, critical realism and internal consistency, and of the integrative skills they lead to. Also, it gives an assuredness with respect to a true epistemology and its capacity to inform metaphysics and the structure of the

[19] Ibid., 87.

[20] Ibid., 47.

human good as the criterion for right action. Nevertheless, of interest is their pedagogical approach, to which we will return shortly.

In contrast, Roca offers a different response to Ghoshal. Based on her view of management as a practical art, she saw a solution to the ethical concerns Ghoshal raised, in a pedagogy based on Aristotle's notion of practical wisdom and prudence.[21] Her analysis lies very closely to our own, not surprisingly, because Lonergan, too, was influenced by Aristotle. Again, affirming the general thrust of Ghoshal's analysis, Roca argues that prudential decision of any kind draws on two sources: the practical demands of the situation one faces and the coherence of the decision to be made with one's own knowledge, experience and virtues.[22] Her discussion of practical wisdom places as much emphasis on the person's 'inner' disposition and capacity to bring forward the appropriate moral considerations as it does on the techniques and rationality involved in the situation. Though she does not refer to 'the human good' as the source of value, she sees in management decision-making, the same reflective and deliberative processes that are found in more differentiated form in IAM. Roca's pedagogy has, therefore, many similarities to our own, which we discuss below.

In our view, IAM would introduce a sharper perspective to each of these somewhat opposing responses to Ghoshal—the ambitious, reconstructive "design" project envisaged by Moldoveanu and Martin, and Roca's more modest pedagogy of

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[21] Esther Roca, "Introducing Practical Wisdom in Business Schools," *Journal of Business Ethics*, no. 82 (2008).

[22] Roca holds that values are external standards to which we aspire and virtues are about interiorising these values so that they become part of our character.

practical wisdom. In regard to the former, our IAM offers the blueprint for the desired design. It is to be found in oneself, in that dynamic structure of intentionality that we can properly call 'the design of the designer'. Then, as regards Roca's proposal, we point out that an intentionally attuned self-possession, or to use the more technical expression, self-appropriation, is the innermost core of practical wisdom.

For his part, Ghoshal offered a solution for business education. Deans and others should recognise and consciously adopt a pluralist approach to scholarship, drawing on the four kinds of scholarship identified by Boyer—discovery (research), integration (synthesis), practice (application) and teaching (pedagogy). These four pedagogies suggest an approach somewhat similar to Lonergan's "framework of collaborative creativity" developed in this thesis as IAMO.[23] But Ghoshal predicted that this pluralist notion would be resisted. Quoting Pfeffer and Fong, he maintained that "the barriers to a fresh start are almost too high", since researchers used models different from those employed by teachers. Drawing on Kuhn, he reflected that "mere disconfirmation or challenge never dislodges a dominant paradigm; only a better alternative does".[24] He proposed that this "better alternative" would emerge only through the collaboration of many.

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[23] We can map Boyer's four pedagogies against the eight stages of IAMO as follows: "Discovery or research" corresponds to the first three stages of IAMO. "Integration or synthesis", as the resolution of interdisciplinary endeavour, corresponds to the fourth and fifth stages. "Practice or application" corresponds to the practical issues of implementation in IAMO's sixth and seventh stages. "Teaching or pedagogy" corresponds to the eighth stage of IAMO, in communicating or delivering value.

[24] Ghoshal, "Bad Management Theories Are Destroying Good Management Practices," 87.

A similar pattern to Boyer's for organizational learning and change has been developed by Crossan, Lane and White.[25] It is a framework of four processes: intuiting, interpreting, integrating and institutionalising. It complements Boyer's model by proposing a progression from the individual to the institution through dialogue and mutual adjustment, and finally into the procedures and norms of organizational practice. Nevertheless, it does recognise various stages of value-adding, or 'products' of cognitional process—images and metaphors suggested by individuals, language and conversation in groups, and the shared understandings within the organization—as learning takes hold collectively.

The proponents of these two examples of pluralism recognise the need to bring the specialised modes of thought that they identify into an operational synthesis. In this, they implicitly recognise that a unitary perspective, or procedural map, can operate over and above the more focused and restrictive paradigms and processes they seek to bring together. Ghoshal, in calling on those involved in business school education to recognise a desirable pluralism, implies that these educators needed to extend themselves in an effort to grasp the methods and ways of thinking pertinent to each of the four 'schools'. This integrating perspective is explicitly achieved in IAM, through the self-appropriation of one's discrete intentional activities as one experiences, understands, reflects, decides and acts. In IAM, therefore, one takes up this challenge firstly within oneself. Then one can achieve a corresponding

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[25] Mary M.Crossan, Henry W. Lane, and Roderick E. White, "An Organizational Learning Framework: From Intuition to Institution," *Academy of Management Review* 24, no. 3 (1999).

integration of the diverse pedagogies of which Ghoshal writes, as well as the larger schemes of organizational process which operate over and above all.

This thesis argues, therefore, that IAM is relevant to business education because it lies at the heart of educational and learning method. It is the key to personal development, to a deeper understanding of organizational process, and to the social change to which Ghoshal refers.

But there is a further point to consider that relates to a broader collaboration in human endeavours that the above authors touch on. As the scientific community has developed through a collaborative awareness of various scientific methods, Lonergan envisaged a similar kind of community that would have, as its norm, generalized empirical method. He saw this as an open community of collaboration, characterised by free, attentive, intelligent, rational and responsible inquiry and engagement. Lonergan called this community of open and collaborative inquiry "cosmopolis".[26] He did not envisage it would be developed systematically, but that it was more likely to emerge as a result of individual development and of cooperation occurring independently in many different places and times. There could be no better place than in the management of organizations, through the pedagogy of its managers, in which such a vision might begin to take hold.

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[26] Lonergan, *Insight*, 263-267.

## 2. THE PEDAGOGICAL CHALLENGE OF SELF-APPROPRIATION

It is clear that IAM presents a unique pedagogical challenge. It deals with thinking itself, and the self-appropriation it leads to requires one to attend to data that one does not normally examine in daily living. Under the influence of the scientific paradigm, the data of consciousness has been regarded as non-consequential and hence generally left unexamined.

However, with IAM, we are dealing with skills of thinking in addition to what is thought, and with clarity about knowledge acquisition, in addition to knowing what knowledge is, and in shaping right action, in addition to the appropriation of what is good. These competencies begin to develop in the child and operate, for the most part, implicitly.

The child's powers of curiosity direct and accompany its unfolding development—along lines that Piaget first identified—as groups of skills and competencies that emerge, building on earlier achievements.[27] The child's family and community play their part, either as promoting authentic development in the young, or, it may be, by impeding it through ignorance or irresponsibility. It remains that the child's growth through to full maturity is a life-long project. It involves learning, interacting with others, and taking on increasing levels of personal responsibility. In moving towards the adult world, the young person will hopefully acquire the skills they need to make the best of the resources, opportunities and formation available to them, and to

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[27] Lonergan explores Piaget's contribution to skill development, and by extension, to his treatment of intentionality in ———, *Method in Theology*, 27-30.

overcome the set-backs, failures and mistakes they will inevitably face in the whole life-project. Needless to say, this process of self-development, begun in the child and enhanced in the young person, continues through adult working life, as one meets the challenges arising in any professional field of activity, in the organizations in which one works and in the life situations one encounters.

Of particular importance to self-development in the specific world of management, are the core operationally-focused thinking skills, such as in listening, understanding, judging, deciding, communicating and relating. These, as we have argued, become explicit and are strengthened through IAM. The critical self-possession that IAM demands, ensures high quality professional performance: the more intentionally self-possessed the manager, the more alert will be his/her capacity to attend to the presenting situation, and to respond to it with the requisite intelligence, reflection and responsibility.

A pedagogical approach following our IAM would distinguish between mediate and immediate learning. Instances of mediated learning consist in trusting another's conceptual paradigm and particular emphases. Examples are self-reflective mechanisms, such as Myers Briggs Type Indicator (MBTI), Kolb's Learning Styles Inventory (LSI) and any of the many 360 degree assessments used in executive development. These are designed to assist executives gain understanding of their own behaviours, and to develop competencies that build on their strengths or address their perceived weaknesses. In contrast, IAM is based on the immediate personal experience of oneself being the intentional agent, and on the self-possession that results. Thus, executive coaching is mediated when the coach offers opinion, tools, frameworks or theories to those addressed. It is immediate when the coach prompts executives to attend to their own experience and to articulate and reflect upon it. Though facilitated by a coach, this immediate kind of learning is based on

careful attention to one's own conscious experience, and what is involved. In this respect, though the external coach may facilitate the process of self-possession, the authoritative experience is found increasingly in oneself as one attends to a given situation, questions it, reflects on it and decides on a course of action. Here, it is a matter of internalising IAM as we have presented it. As the injunctions of the coach become more clearly recognized as beginning to arise within one's cognitional operations, one becomes more conscious of becoming one's own coach and one's own authority. The coach has become internalised. This is what we have earlier called the minder and the product of self-appropriation.[28]

This quality of immediacy is implicit in the writings of two authors who share their experimental and innovative work in executive education: Senge's theory of Presencing and Scharmer's development of it, as in his Theory U.[29] Both authors focus on the inherent capacities of the executives themselves, somewhat neglected in traditional programs of executive development. Although neither author focuses specifically on the appropriation of differentiated cognitional processes, both recognise something interior, somehow residing within the person.[30] For instance, Theory U treats of the power of focused and mindful attention open to the depth of

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[28] The author of this thesis discusses this idea of an internal coach in a paper submitted to a conference at Notre Dame University, IN, in June 2008, on Exploring the Role of Mission Driven Business Schools. John Little, "The Human Person—the Heart of Business," in *Business Education at Catholic Universities—Exploring the Role of Mission-Driven Business Schools* (University of Notre Dame University: 2008).

http://www.stthomas.edu/cathstudies/cst/conferences/becu/Finalpapers/LittleFinalpaper.pdf

[29] C. Otto Scharmer, *Theory U* (Cambridge MA: SoL, 2007).

[30] George Hall, "Inside the Theory of the U—Interview with Peter Senge and Otto Scharmer," *reflections. solonline.org* 8, no. 4 (2008).

accumulated experience within oneself and to the environment as it presents itself. In so doing, it recognises the core competencies associated with gathering and arranging data, including that of imaginatively composing future scenarios. It puts the imperatives of reflection and action temporarily aside, while presuming an intelligent, insightful, intuitive response to imaginative presentations.[31] Though Theory U is ultimately directed to mindful action, it does not suggest any process for rational and evaluative response preceding it. Scharmer, however, recognises that an ethical dimension is deeply present within the whole process. He comments,

> They [his audience] realize how much innovation in an institutional setting has to do with accessing this deeper and more personal side of knowing. Finally, they discover an ethical dimension within themselves that guides their creativity. What amazes me when watching them going through this process, is that you don't have to impose a set of ethical norms or principles to trigger these insights. All you need to do is to provide people with methodology and a context that helps them to uncover what is already there. This is an amazing process to witness.[32]

To this degree, both Senge and Scharmer touch on and anticipate the more thoroughgoing processes of intentionality analysis involved in our project of self-appropriation. Scharmer considers a new science to be emerging, unaware that

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[31] Scharmer's key to the interior world is listening. He identifies four types of listening: downloading, factual, empathic and generative. He describes generative as "listening from the emerging field of the future. This level of listening requires us to access our open heart and open will—our capacity to connect to the highest future possibility that wants to emerge. On this level our work focuses on getting our (old) self out of the way in order to open a space, a clearing, that allows for a different sense of presence to manifest. We no longer empathize with someone in front of us. We are in an altered state—maybe "communion" or "grace" is the word that comes closest to the texture of this experience that refuses to be dragged onto the surface of words." See Scharmer, *Theory U*, 12.

[32] Scharmer, as quoted by Hall, "Inside the Theory of the U—Interview with Peter Senge and Otto Scharmer."

generalized empirical method provides the foundation he is seeking and that we have outlined:

> I think it is now time for social scientists to step out of the shadow and to establish an advanced social sciences methodology that integrates science (third-person view), social transformation (second person view) and the evolution of self (first-person view) into a coherent framework of consciousness-based action research.[33]

Moreover, Senge comments on the relevance of such a framework for business education:

> Should it be part of management education? Yes. It is just a question of how innovative business schools are prepared to be. Most business schools and most educational institutions appeal to a mass market and are very conservative. Nevertheless, if you believe that the purpose of education is to prepare people for the future rather than the past, we need to do much more than teach people how to solve puzzles or problems that have been solved in the past and which now just differ plus or minus five percent. Today's real problems are fundamentally different from the past. They are global. They cross institutional boundaries. They require diverse people to think and learn together. If this theory truly fits the needs and reality we are living into, then people will find ways to integrate it upstream in the educational process.[34]

Senge thus presents his model as personal, yet transcultural and normative. Also, he requires it to meet the requirements of cross-institutional differences, and involve an anticipation of future issues, a focus on action and collaborative, practical learning.

I submit, therefore, that the call from Ghoshal for pluralism, and the particular theories, such as those of Moldoveanu and Martin, of Roca, and of Senge and Scharmer, that demand an improved 'curriculum' which would uncover the depths

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[33] Scharmer, *Theory U*, 16.

[34] Senge as quoted by Hall in Hall, "Inside the Theory of the U—Interview with Peter Senge and Otto Scharmer," 9.

of the human person, anticipate the fuller and more fertile project of self-appropriation, of IAM, and its potentially profound contribution to management education and practice.

The implementation of such a project for IAM however, requires no revolution. It can develop from what already exists. There may be resistance, however, to the extent that attentiveness, for whatever reason, is lacking to the self and its cognitional operations in any given situation. Hence, a coach or guide may be necessary to assist the process. It is precisely at this point that Lonergan is a notable resource, especially in his seminal work, *Insight*.[35] Daly and the present author have attempted to make this work accessible, as discussed earlier, in executive workshops using experiential exercises and case studies drawn from the participants' management situations.[36]

Scharmer's method of facilitating a more integral awareness was experienced as a discomforting shift of emphasis and focus that is illustrative of the challenge facing the educator:

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[35] A more accessible, but no less comprehensive text is Flanagan, *Quest for Self-Knowledge*. Flanagan provides his 'well-educated' reader with a systematic account of insight within the history of human inquiry and achievement. He seeks to bring about self-appropriation in his readers as a proper end, and writes as a philosopher, deeply acquainted with science, mathematics and world processes.

[36] The author has presented this material, in different formats, to more than a thousand managers, many with post-graduate degrees. It became clear to him that there is no quick and easy way to bring to the consciousness of these managers, to make explicit the tacit intentionality of their activities. The formats include the two-day workshop discussed in earlier chapters; daily exercises in a two-week executive leadership program; modules, ranging from several hours to five days on other leadership programs; half-day seminars; one and a half-hour workshops; and an MBA subject on strategic management, covering a full semester.

> I teach a class on corporate responsibility at the Sloan School of Management at MIT. Usually, MBA students and mid-career executives take the class. Initially, a few people are enthusiastic but most are sceptical, even cynical. They want to learn about corporate responsibility and sustainability but they don't suspect that a practical model of innovation might underlie these issues. As the class progresses, we examine thought provoking examples, go to interesting organizations to meet remarkable people, and practice prototyping new ideas. In the process, students learn to appreciate how much true leadership is connected to taking responsibility and shaping the larger social and ecological whole.[37]

Scharmer's method is designed to invite deeper stillness, attentiveness and receptivity to what arises within oneself in any given situation. But it is not individualistic, since it implies a larger, coherent, social vision. For this social purpose, Scharmer has also called for a "global action research school founded on the principles and practices of presencing".[38] His model of open mind, open heart and open will has a close affinity with the deeper terrain opened up by IAM in self-appropriation.[39] This is not surprising, for there is a fundamental intentional structure operating in all situations and pedagogical methods. All involve the acquiring of a facility and the stimulation of a familiarity with what one is doing cognitionally. Indeed, there is no situation in which one is not acting cognitionally in any activity, and proceeding in accord with its structure and dynamics.

Nevertheless, the integrating nature of IAM presents its own challenge. It is not merely a conceptual or theoretical construct, but, as I have argued, is something

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[37] Hall, "Inside the Theory of the U—Interview with Peter Senge and Otto Scharmer," 11.

[38] Ibid.: 9.

[39] Scharmer, *Theory U*, 27-47.

deeply personal, in both an individual and a social sense. It is open and dynamic, yet a fixed point of reference for determining the criteria of ongoing learning. The basic structure does not vary, for it comprises that set of cognitional operations through which the human person acts in the world as an agent of change and of influence, by being both attracted to basic values and by adding value to each stage of the overall process.

What is implied, therefore, is that IAM is more than a new concept of organization, though it can appear as something new in the context of current theories of management. It is radically different from current theories, for we have drawn on the radical nature of inquiry and the four levels on which it operates. It can be tested at every stage by referring to data on which it is based. Even though such data lie within one's own personal experience, we do not imply that access to this kind of intentional data is easily achieved, or that appealing to intentionality as a structure is immediately persuasive to anyone long accustomed to acting in a more extrovert and pragmatic fashion. Hence, a stage of resistance and confusion is not uncommon when the issue of intentionality is raised.[40]

The pedagogical challenge, in short, involves the discovery of the grounds of personal authority. Most managers work under pressure and have urgent problems to solve, so that their activities tend to be spasmodic, episodic and fragmented.[41]

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[40] Garrett Barden and Philip McShane, *Towards Self Meaning* (Dublin: Gill and Macmillan Limited, 1969), 51.

[41] Henry Mintzberg, "The Manager's Job: Folklore and Fact," *Harvard Business Review* 53, no. 4 (1975). The Centre for Creative Leadership, NC, developed its Looking Glass Inc Simulation to test Mintzberg's hypothesis about managerial roles and the nature

Understandably, the cultivation of careful attention to conscious processes is not immediately perceived to be relevant to the demands of their situation, and so give place to more pragmatic concerns. It is not surprising, therefore, that the pressure of work does not readily allow for a disciplined attentiveness to the dynamics of intentionality. The productive power of key insights, if recognised at all, tends simply to be taken for granted when, and if, they occur. Nonetheless, we have argued that the IAM has an integrating and creative potential when it enters into the self-possession of the executive agent. It leads to a fuller self-appropriation of who one is and of how one acts, and so provides a model for the functioning of the whole organization (IAMO). To put it simply, the organization "out there" is founded on what is "in here". Without a recovery of the intentional dimension of the organization and of those who make it up, the ongoing life of the organization can remain at a superficial level, unable to find within itself the criteria for best practice.

An objection to IAM can appear in a philosophical guise: "Since there is no definitive theory of knowledge, the IAM has no special claim, but is merely an example of cultural, historical or linguistic invention." Firstly, the objection would be self-defeating, since, itself a claim to knowledge, could also be dismissed on the same grounds of being a cultural, historical or linguistic invention. To argue more carefully, the proponents of such a claim would be required to recognise that their claim is, at most, an opinion, and not knowledge. In their developing such an opinion, were they attending to data, did they wonder about its meaning, did they feel the need to be right in their judgment about this opinion 'being the case', and,

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of managerial work. See M.W. McCall and C.A. Segrist, *In Pursuit of the Manager's Job: Building on Mintzberg* (Greensboro NC: Centre for Creative Leadership, 1980).

finally, did they feel responsibility to assert this view? It would be embarrassing for any proponent to deny the importance of each of these steps. Any argument against IAM will inevitably draw on IAM's own terms and thereby demonstrate its radical validity.

Hence, managers who are disinclined to consider the need for a discriminating self-possession on the level of intentionality, would benefit from having it pointed out to them that, although they may already be employing much of what IAM demands, even if in a somewhat superficial and episodic fashion, they would benefit deeply and personally by the integration that IAM can provide. They would begin to recognise that what was episodic and fragmented in their managerial lives could become more harmoniously managed and integrated. As knowledge brings its own fresh seeds from which to make things new, knowledge about 'knowing and doing', the essence of managerial work, gives the manager a powerful tool for adding value to his or her own knowing and doing.

Most good managers, when exercising judgment, making decisions and promoting change and development, would claim to be acting on the basis of reality and fact. Most would be concerned to minimise the incidence of error, to limit risk, to guide their respective organizations out of any illusory positions, and to counter any tendency to self-fulfilling prophecy and all the rest of the problems deriving from poor research or irresponsible action. Most would insist that the success of their enterprise depends ultimately on personal integrity and on the trust and truthfulness in communication with stakeholders, and that this disposition, taken up by all, makes for responsibility across the whole organization. Thus, a tool which deepens their knowledge about all these processes and their integration, and also increases their managerial effectiveness in action, would surely be attractive to those seeking to make their mark.

This tool of IAM would be particularly attractive to those within the MBA, where self-awareness, self-knowledge and self-development are increasingly regarded as central to effective leadership. Methods to develop these areas of personal growth, often within a leadership or general management topic, include personal reflections, experiential activities, reflections on 'here and now' group processes, questionnaires and group assessments, in addition to theoretical treatments.[42] While such methods prove helpful in developing self-awareness, nevertheless, in their neglect of intentionality analysis, they are not able to inculcate an authentic critical realism, such as we claim for IAM. In terms of ethical content, the pluralism of philosophies and epistemologies also give rise to different ethical theories being presented, such as consequence-based, rule-based, virtue ethics, and social contract theory. The critical authentic subject remains neglected. [43] It is no exaggeration, therefore, to suggest that business curriculum that takes intentional self-awareness seriously is the essential need in the 21st century. The specialised 'subjects' of the educational curricula need to make room for the authentic subject, the person acting in a fully intentional manner.

Admittedly, this need may remain unrecognised. If such is the case, how does the instructor or mentor go about stimulating the deeper level of self-possession when

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[42] The Melbourne Business School lists these activities within the various leadership topics on its MBA program. Reference to Course and Subject guide on 28th October, 2008 at http://www.mbs.edu/go/degree-programs/mba-and-general-management-programs/full-time-mba/subjects

[43] In his essay, *The Subject*, Lonergan recognized differences between people in their awareness of this dimension of self-knowing. He explores, in particular, the neglected and truncated subject. "…the neglected subject does not know himself. The truncated subject not only does not know himself but also is unaware of his ignorance and so, in one way or another, concludes that what he does not know does not exist." Bernard Lonergan, *A Second Collection* (Philadelphia: Westminster Press, 1974), 69-86.

this has been excluded from the managerial mentality? How can this intentional dimension be effectively introduced when it cannot but seem to be taking one's 'eye off the ball' when the game is in progress? Moreover, it hardly to be expected that reasonably effective managers would admit to lacking this vital area of self-knowledge?

Despite such obvious problems, it is important to note that elements of a professionally oriented and experientially based program, designed to heighten self-possession, can be grafted onto any existing program of professional development. It is not so much a matter of introducing something completely new, but of bringing a new depth and integration into what is already taking place. At least implicitly, most of the programs of professional development that we have referred to, presume the fundamental activities and the core skills of what we have explicitly detailed in IAM, such as attentiveness to the data, the creative role of insight, the ongoing stimulus of questioning, the necessity of evidence, morally responsible decisions, and so on. The key to its pedagogy lies in the attunement to self-appropriation by those who present it. They therefore stand, conscious of their own intentionality, in a creative partnership with those discovering it.

The teacher, coach or guide must therefore be 'living out' in their own person what they present with respect to IAM. Moldoveanu and Martin present a similar notion of modelling in their discussion of the "communicative spaces" that promote integrative thinking:

> Given that the integrative thinker must become an astute observer of his or her own thinking processes and that *thinking is a form of internal*

> *conversation*, the dialogue instantiated in the classroom can come to serve as a prototype or a template for internal processes of thinking, and explicitly addressing the rules and principles by which classroom conversation evolves in a way that conforms to those very rules and principles serves to instantiate a metadialogue that can be internalised as a process of thinking about thinking.[44]

Their reference to metadialogue recalls our earlier treatment of minder skills, and touches, in part, on what is found in self-appropriation. But, as we have pointed out, their view lacks the thoroughness and integration of IAM. Roca, in her discussion of the pedagogical challenge of teaching practical wisdom, likewise draws attention to the reshaping of the role of the teacher:

> The teacher's sensitivity and stance cannot be privileged. To a certain extent, the figure of the teacher is weakened and the teacher's perception does not prevail over the others because the teacher is no longer 'an all-knowing source of information', but a conductor of students' reflections. During the process, the teacher or instructor acts apparently silently, interjecting reminders or suggestions, commenting on possible pitfalls, encouraging discussion, and alerting students to aspects or consequences that the students are not considering.[45]

The author's use of executive workshops, management experiences and other educational formats for introducing intentionality and self-appropriation, have sought to achieve an 'inner dialogue', similar to that to which Moldoveanu and Martin refer, and have required teachers to reshape their role in the way that Roca suggests. The experiential exercises and management cases stimulated "thinking about thinking" and initiated the process of self-appropriation. This pedagogical approach, therefore, can be strengthened by learning from comparable approaches,

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[44] Moldoveanu and Martin, *The Future of the MBA—Designing the Thinker of the Future*, 114.

[45] Roca, "Introducing Practical Wisdom in Business Schools," 616.

such as those advanced by the above authors. For the moment, this lies beyond the scope of this thesis to develop further, and points to directions for future research and innovation.

## 3. A TEMPLATE FOR THE PEDAGOGY OF INTENTIONALITY

In this section, using two diagrams, we review the structure of intentionality as it applies to the organization and to the individual. We then combine these two diagrams in a third, which shows the integral nature of IAM in personal and organizational development. We call this a template or map for the pedagogy of intentionality.

With the notion of partnership between teacher and student in mind, as discussed in the previous section, the pedagogy of intentionality—which, in the final analysis, is self-directed—leads the inquiry in two directions: First, it leads to IAM, which deals with self-knowledge, self-development, self-mastery, competence in relationship-building and living skills in general. In IAM, one experiences the various elements of the intentional structure and comes to understand them as parts of a cohesive whole. This opens further to a deeper consideration of the ways to enhance personal attributes, such as creativity, critical thinking, objectivity and empathy in personal relationships. Secondly, it leads to IMAO, which recognises the eight value-adding stages of organizational process. In IAMO, one also gains insight into the critical and personal aspects of leadership. These include an orientation to learning and an understanding of the corporate good and, above all, the role of questions. The discourse ensuing from questions is critical in securing collaboration, in empowering others, in facilitating change, in governing, and in engaging with larger social and cultural issues.

These two directions are correlative, and are to be considered as the 'inner' personal and 'outer' collaborative aspects of the one integrated process. Any appeal to the realm of interiority may be misinterpreted as a purely private and subjectivist stance. But, in fact, it is the only way to be realistically objective, as the acting person brings into play all the activities needed in order to be receptive to the data, and to react to it in an intelligent, rational and responsible manner.

***The Organization***

We now turn to build up, diagrammatically, the template for our pedagogy. We start with Figure 8.1 that shows the large circular image of IAMO, that we represented earlier in Figure 6.2, with its four levels, Data, Understanding, Judgment and Decision, and its eight stages, Research, Opportunity, Risk, Positions, Mission, Strategy, Capability and Performance.

Ground represents the world, positioned at the first level of Data, which gives rise to Research. The Stakeholder Good is co-located at the centre of IAMO to indicate its central role in shaping corporate purpose and action when this good is appropriated by those in charge. It represents the heart of the organization. The left half of the diagram indicates knowing or reflecting; the right half, doing or acting. The arrows around the circle represent the driving force of inquiry taking the organization through its value-adding processes—the eight stages of knowing and doing—which, in their termination in Performance, make the Ground 'good'.

The triangular overlay represents key activities of corporate engagement and development and their relation to each other and to the four levels. Learning occurs over the first three levels, while Discerning, Collaborating and Leadership are linked to Decision on level 4. On the 'action' side, Managing links Leadership on level 4 to Making on level 1, on the Ground.

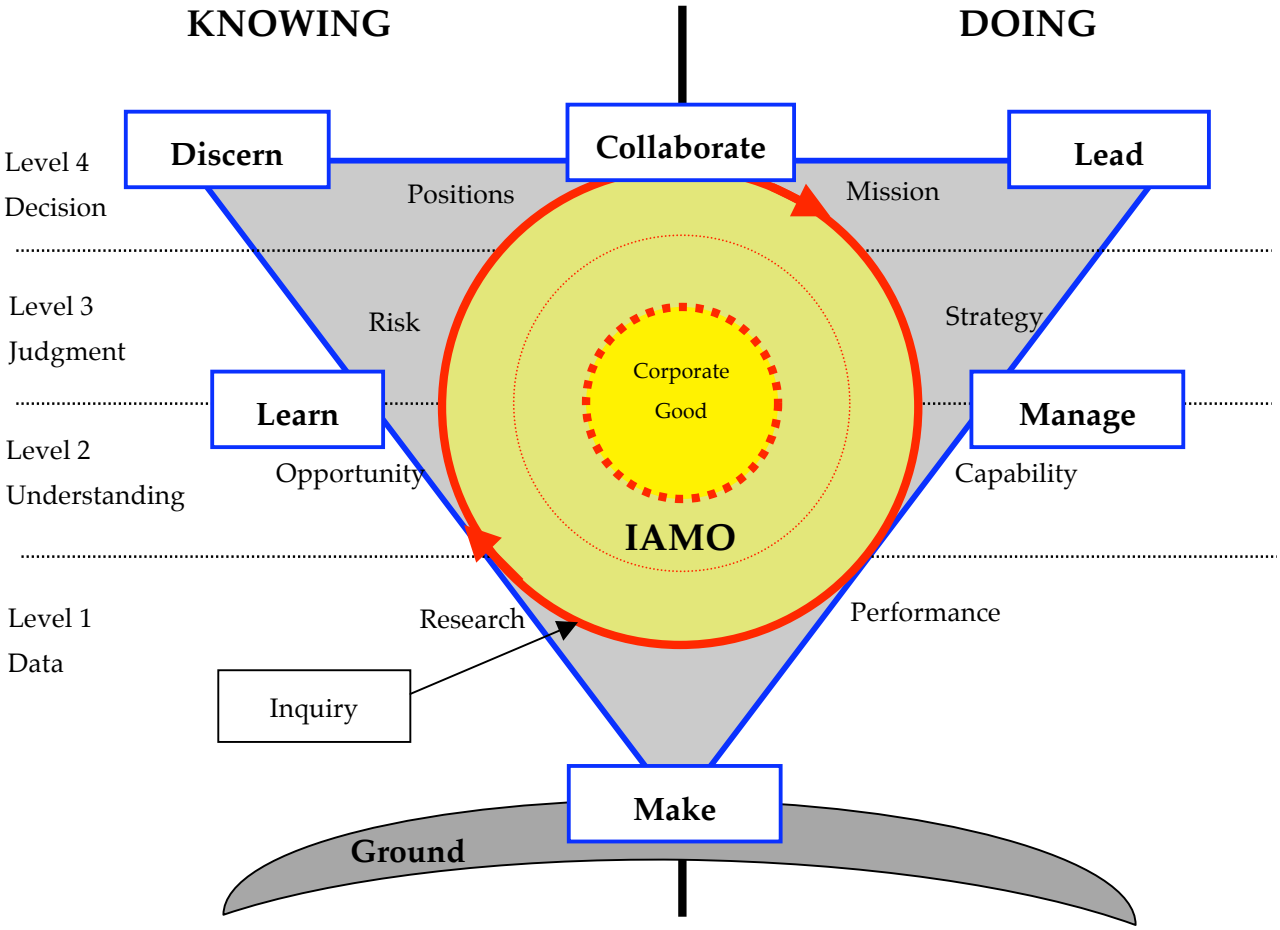


**Figure 8.1: The Organization**

The Ground suggests a time horizon. The past is represented to the left of centre, the future to the right. Learning, though it occurs in the present, gathers data from what has happened in the past, while leadership looks, with vision, to the future. Making, as with all intentional acts of consciousness, clearly occurs in the present.

***The Person***

There is a parallel structure of the mind, and its "minding" of the whole process. Drawing on Figure 3.7, we represent this parallel structure below, in Figure 8.2, . Here, we use the same circular representation of IAM, its eight stages represented by equivalent words for a person's intentional activities: Focus, Create, Validate,

Deliberate on the reflective four levels of 'knowing'; and Commit, Direct, Plan and Achieve on the action four levels of 'doing'. Inquiry, represented by the circle with arrow, drives the whole process of knowing and doing. The 'human good', appropriated, lies at the heart, as the central reference.

Wisdom, Integrity and Virtue are the deeper, personal achievements lying behind their IAMO counterparts, Discernment, Leadership and Making, on Figure 8.1. They represent self-discernment, self-leadership and self-making.

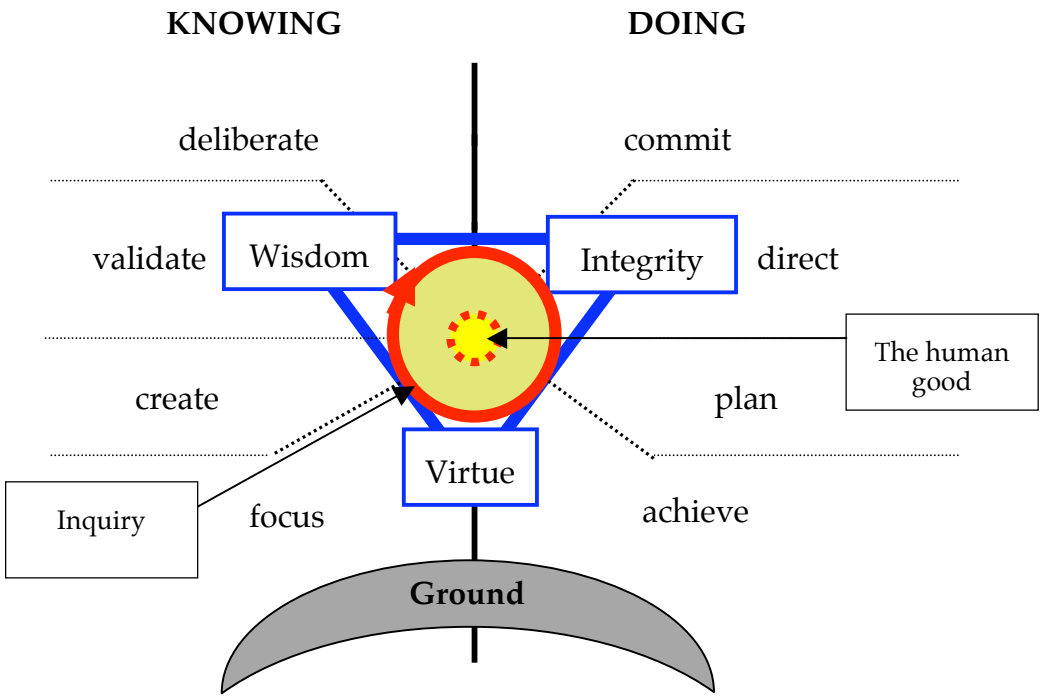


**Figure 8.2: The Person**

***An Integration***

Figure 8.3, below, brings these two diagrams together, to illustrate the person in the organization.

The diagram shows how IAM lies implicitly within commonly discussed topics in management, in particular, leadership and learning. At the centre of the diagram, therefore, we locate wisdom, integrity and virtue, which are the keys to self-knowledge. Without this central reference, there is no sustainable learning, leadership or performance that will make the world a better place.

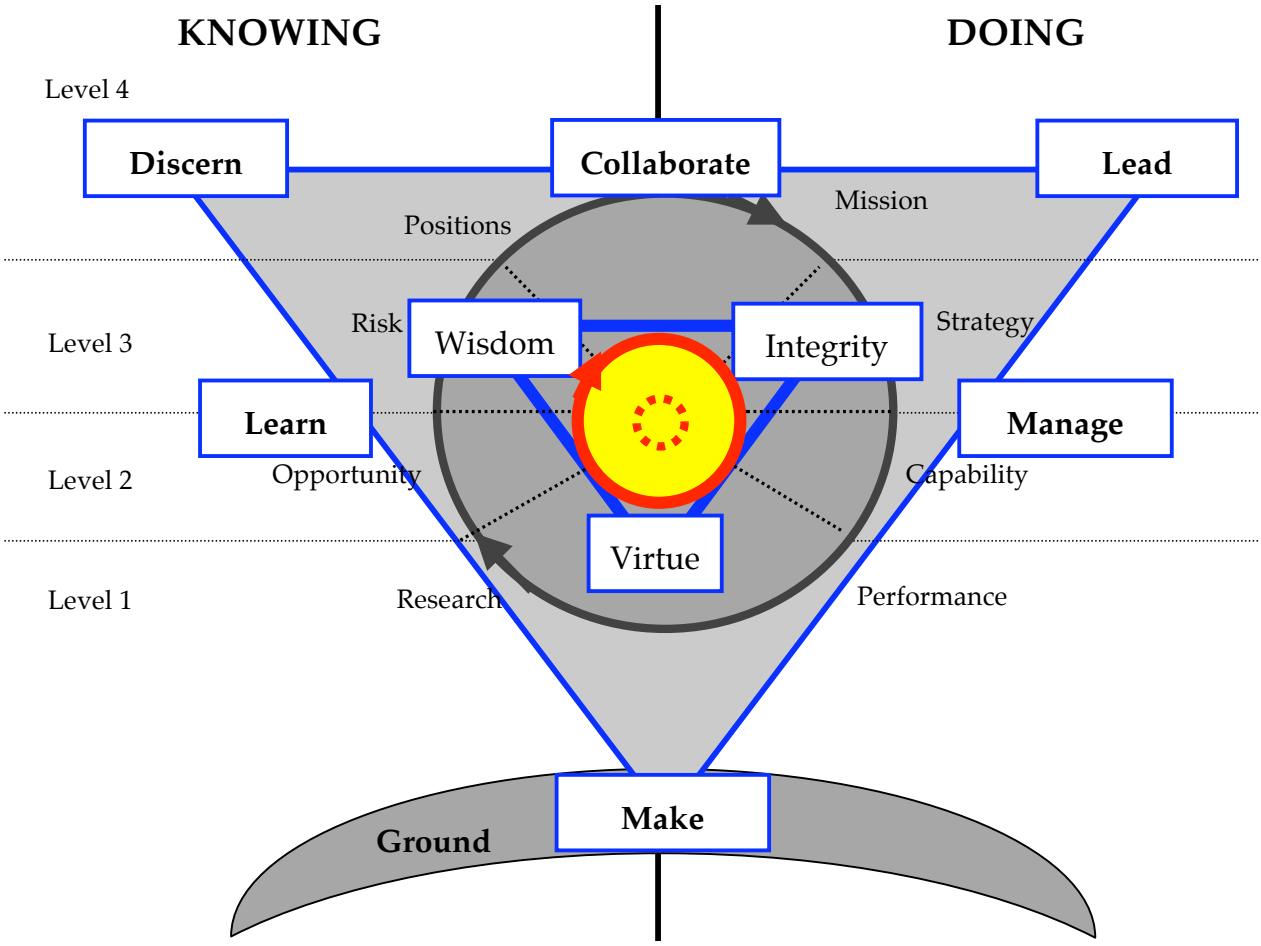


**Figure 8.3: The Person in Organization**

With the human person thus located at the centre of organization, it follows that any development of the person will translate into development of the organization, while any corruption of the person leads to its diminishment. This is often seen in practice. For example, inquiries into organizational collapse, seeking an explanation into the cause or causes, will look especially at the degree to which individuals were

complicit or responsible. On the other hand, organizations use remuneration and promotion to recognise superior performance. Further, significant resources are committed in executive search to find the best person for a job. Inevitably, the attributes that defy quantitative measure—such as, experience, knowledge, quality of judgment, capacity for leadership and effectiveness of relationships—rely, for their assessment, on the clear judgments and objectivity of those making the choice.

Clear judgment, leadership, capacity to adapt—any list of leadership or management attributes will ultimately derive from the extent to which each individual has developed an alert, intelligent, responsible and trustworthy character. The successful completion of an educational program, such as an MBA, is evidence of some kind of personal capacity and self-definition. The search for what constitutes effective executive capability and how to develop it—as evident in the work of Moldoveanu and Martin—has focused, in part, on thinking skills, but with emphasis on the higher "meta" level skill of "thinking about thinking".

Senge designated "personal mastery" as one of the five "disciplines" envisaged in his account of the learning organization. He admitted that it proved elusive to those seeking to develop that particular competence. If one is to "master" oneself, what is it that one must master? An adequate notion of self, together with its intentional operations, is required.

Rising to this challenge requires a considerable investment of time and energy. Those involved must embark on a systematic exploration of what they are actually doing as managers and leaders. Though reflection on past experiences of success and failure provides valuable data, more is required. This further requirement resides in becoming aware of the intentional structure that underpins concrete experience. Methodologically speaking, this entails implementing a process of self-appropriation.

This always appears as new territory to anyone unaccustomed to such analysis. It requires the learning of particular technical terms to name the multi-levelled experience of knowing, judging and deciding involved in any executive activity. But this technical side of the learning involved is designed to lead to a fresh grasp of oneself as an effective agent, and of the activities inherent in such a role. As a result, the manager becomes more confidently self-aware, indeed, more self-possessed in meeting the demands inherent in organizational responsibility, especially in rapidly moving situations of change.

Although terms such as insight, inspiration, intuition, inquiry, reason, judgment, and the like are commonly used in the management literature to which we have referred, there has been no systematic ordering of these terms as can be found in Lonergan's intentionality analysis. The particular value of intentionality analysis consists in being not simply a theory or a prescriptive formula for more effective performance, but in being an invitation for the learner to validate the whole structure in his or her own conscious experience. Thus, Lonergan invites us all to undertake the project of self-appropriation. In so doing, he opens the way to the discovery of oneself as a learner, to an awareness of the multiple dimensions of learning itself, and to an integrated conception of knowing and doing. One's self-knowledge is thus integrally shaped through familiarity with intentionality.

Beyond the individual demands of self-appropriation (IAM), there is the wider application of Lonergan's generalized empirical method to the structure of organization—which we designate as IAMO. The human good, which IAM intends, is opened out and becomes more fully specified, through stakeholder consideration, as the corporate good, which, in turn, guides corporate action. As already discussed, there is no quasi-mechanistic determinism operating between what is intended by the corporate good and what is achieved in practice. Though all achievements are

subject to schedules of probability, respect for the intentional dynamics of the individual and the organization is the best and, indeed, only resource when it comes to reacting positively to unforeseen consequences, countervailing forces and opposition.

In our consideration of the corporate good, two practical questions emerge for those who carry responsibility for corporate decision-making: Firstly, what is the corporate good? And, secondly, what are the risks and challenges we face in delivering it?

With regard to the first question, the corporate "good" is not easily articulated. Still, it can be anticipated by a thorough understanding of stakeholder needs and aspirations. The directors of an organization can align themselves to the overall good of the organization by honestly facing such questions as the following: What is the good we are trying to do? What is the purpose of our organization? Who are our stakeholders? What does each stakeholder expect of the organization? How is the effectiveness of what we do measured and monitored? How do we communicate our commitments to our stakeholders and allow a fair hearing of their concerns in return?

With regard to the second question about risks and challenges, the nature and extent of risk follows from what an organization decides to do. Taking into account a possible, unintended outcome, risk can be assessed in light of probabilities of possible damage to any particular stakeholder and the possibility of corporate failure to deliver the intended outcome. Strategic thinking takes up this challenge in its deliberations.

Ghoshal pointed out how agency theory, as opposed to stakeholder stewardship theory, has dominated organizational design and practice. Within this paradigm of agency theory, the questions we detailed above would be brushed aside as irrelevant.

More attention would be given to investor and competitor pressure than to the demands of corporate social responsibility. On the other hand, directors, if they have grasped clearly how their own intentionality and the nature of their organizations are linked, would be more likely to take these questions seriously.

The global financial crisis that erupted in 2008 has, in our view, affirmed Ghoshal's analysis more substantially and more broadly than any earlier corporate collapse, such as that of Enron. It is clear that the global crisis has severely damaged the fabric of trust that binds organizations to each other and to the community at large. This has prompted governments, as the final depository of trust, to intervene with unprecedented haste and resolve. The crisis also demonstrates that, behind the sophisticated instruments of finance and 'packaging', of algorithms that deal with risk, debt, profit and uncertainty, of competitive pressures between companies and nations, the deliberation of the corporate good had, for many institutions, been severely unbalanced in favour of particular stakeholders. As trust and the corporate good are intentional attributes, it follows, in the terms of this thesis, that the requisite intentional capability of those who govern and lead organizations needs to be in place as the condition for any sustainable and wide-spread recovery. From this perspective, the pedagogical challenge of bringing IAM to its rightful place in management thinking is critically important, timely and relevant, however long it make take for the business community to acknowledge and address in practice.

A well-balanced educational program would include both the dimension of the 'inner' path of self-appropriation, and that of the 'outer' path of organizational process. In this latter, corporate application, the role of stakeholders and the collaborative value of trust would be recognised, as both affect the whole organization. Necessarily, too, the role of the Chief Executive Officer and the executive team would be examined in the light of their respective abilities both to

embody and to stimulate the intentional operations of the organization at every level. The assumption is, after all, that the organization is not just a mechanical structure, but an organic collaboration of consciously self-possessed agents.

Managerial programs such as the performance assessment system of the Caux Round Table, the Arcturus[46] management system for "Charting a Course", provide a framework for directors, executive and managers to assess corporate policy, practice and monitoring of risk and performance against stakeholder needs. Such approaches facilitate the examination of corporate mission and effectiveness, and assist those responsible to understand more deeply the context in which the organization operates and the manner in which it is responding to particular issues. The undoubted value of such initiatives would be further enhanced if they were to include an explicit consideration of the intentionality of everybody involved. Self-regulation, either individually or corporately, cannot be separated from the task of self-appropriation. If self-regulation and governance are to be effective, they cannot operate apart from that intentional dimension in which the individual, and the

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[46] "Arcturus sets forth items for inquiry about the operations and impact of a business in 49 areas. Each area implicates one of the seven Caux Round Table Principles for Business as it applies to a stakeholder. The Arcturus system has been customized to incorporate core concepts from the (UN) Global Compact. And it facilitates a company's preparation of a triple-bottom line report using (UN) GRI (Global Reporting Initiative) reporting forms. Arcturus consists of inquiry instruments that can involve the perspectives of many within a company. Inquiry results provide both in-depth analysis of critical value-drivers and more insightful reporting than has been possible with conventional financial yardsticks of business performance. Arcturus is a process of rigorous inquiry into the risk parameters of a business. It helps convert intangible drivers of reputation capital, human capital and financial capital, not to mention the dynamics of corporate culture, into management goals and objectives. Business ethics can, thereby, be managed as a process of continuous improvement." Reference made on 15th December 2008: http://www.cauxroundtable.org/Arcturus.htm

corporation as a whole, become alert to the demands intrinsic to each of the four levels, namely of attending to the given situation, of exploring it thoroughly, of judging the facts and of acting responsibly.

## 4. CONCLUSION

Ghoshal's paper provided the stimulus for this thesis. It was his concern, in particular, about the neglect of intentionality in business education, and the effect of this on ethics and morality in business practice, that caught my attention. Having been involved for many years as a consultant dealing with organizational change, as well as directing executive leadership and general management programs, I had concerns of my own about management theory and its link to practice. My discovery of the thinking of Bernard Lonergan in *Insight,* opened up a new path for my own thinking and practice in consulting and education, and indeed, lead to a new sense of personal integration. As I saw it, Ghoshal's paper that addresses so many important issues for business, would be radically strengthened by Lonergan's intentionality analysis as applied to the organization and its governance.

This thesis argues that intentionality analysis provides a new way to envisage management, organization and governance as living and dynamic value-adding realities. 'Value-adding' is a key notion in the thesis and we show that it has its source within the operations of intentionality, notably within insight, and hence within the human person. The analysis moves in a direction counter to that, which for the most part, has prevailed in management discourse under the influence of scientific method, by grounding its central, foundational conclusion within the data of conscious experience. The analysis goes behind theory, and leads to a clear epistemology that, in turn, leads to clarity about method for judging correctly and

deciding well, and for contesting effectively within a world, increasingly post-modern in mentality and construct.

Chapter 1 provided a context for intentionality analysis. First, it discussed Ghoshal's concerns about intentionality and the prevailing ethos driving business school pedagogy. It then presented an account of some significant personal experiences from my own management practice that raised questions for me about theory and method and their link to intentionality. It also provided an overview of dominant themes within management literature, with more recent emphasis on strategy, teams, learning, knowledge and ethics indicating an emergent interest in matters that I have related to intentionality. The second chapter offered a more general and synthetic overview of management theory, and of change processes related to knowing and doing. It was here that I introduced Lonergan.

Over the next four chapters, I explored Lonergan's intentionality analysis, illustrated with management examples. Firstly, in Chapter 3, I presented intentionality as a levelled-structure of consciousness and thinking. In Chapter 4, I examined this structure in more detail—its core skills, holistic nature and the human good. To support this analysis, I used examples from workshops designed to help executives become more familiar with the structure of intentionality. In Chapter 5, I explored the communications aspect of intentionality—in particular what happens in work teams and groups—and introduced the notion of trust in relationships, an essential feature of organization. Chapter 6, then, brought these elements together to describe more fully the dynamics of organizational intentionality, holistic in the same way as for those of the individual.

In the final two chapters, I explored how this foundational structure relates to the current scene. In Chapter 7, I discussed how, as a foundation, it could sit 'beneath'

and underpin current management theories, notably in learning and strategy. In Chapter 8, I have discussed the pedagogical challenge of intentionality analysis, with reference to similarly focused pedagogies being offered to develop the skills of integrative thinking and practical wisdom.

In the course of these various chapters, I have been attempting to present an integrated framework of intentionality in the light of Lonergan's analysis. Such a framework is integral to any level of activity, be it that of the individual, the group, the organization or society as a whole. It operates within a context of progress and change, in that it assimilates a variety of methods (classical, statistical, genetic and dialectic) for the assessment of future directions. In this respect, it is open to the objective contribution of scientific theory and analysis, and yet is always anchored in the practical experience accumulated in the common sense of the organization. In short, the structure that we have been commending, IAM, is the vital ingredient in the best practice of management and corporate governance.

The purpose of this thesis has been to lay out the various dimensions of an intentionality-based model of management that can function as a source of criteria in every aspect of the organization's activity. The model we have proposed, given its robust, main lines, can be further developed and applied in other efforts that may arise to meet the challenge that Ghoshal articulated. He called on those involved with organizations to look at themselves, as well as at what they were doing. In that fresh, reflective self-possession is found the dynamic structure that, we propose, will illuminate and give direction to every aspect of corporate activity, and serve as a vital blueprint and final reference for its future development.

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