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Intransivities of managerial decisions: a grounded theory case

Intransivities of managerial decisions

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Abstract

Purpose – The purpose of this paper is to apply grounded theory methodology to report on an empirical case which develops emergent theories on the human complexities of managerial decision-making and the synonymous task of managing.

Design/methodology/approach – A structured research approach was applied in gathering and analysing data from all actors within a small private sector enterprise. The key objective was to discover what the owner-manager and all employees perceived as important issues with regard to the managing of the business during a period of post-takeover. In-depth on-site and off-site interviews were carried out over an extended period.

Findings – Emergent theory exposes actors' disputed perceptions of how the business had been managed and ought to be managed, and, the judgments and decisions that had been made and consequently should be made. Revealed is a complex cognitive and behavioural web of human interactions and deep-seated management-employee discord that whilst threatening the actual survival of the business appears not to impede questionable practices, both by management and staff. Through the application of grounded theory methodology emergent constructs are discussed against existing knowledge that exposes new insights into management decision theory and the managing of an enterprise.

Research limitations/implications – The process of theory generation whilst grounded in a substantive inquiry has the capacity to generate further research and tentative explanations at higher levels of understanding. From the research reported, questions beyond the substantive case can develop a broader theoretical and practical agenda – for example, issues of other actors' involvement in management decision making and the intrinsic part psychological factors play in the structuring of decisions.

Practical implications – Based on the finding from an empirical study the paper reveals significant practical managerial issues in the day-to-day and strategic managing of an enterprise. From a researcher's perspective, the paper critically demonstrates the functionality of grounded theory in management inquiry.

Originality/value – This paper advances the theoretical and practical necessity for the enlargement of the stock of qualitatively bounded research that focuses on grounded theory applications, management practice and decision theory.

Keywords Strategic management, Decision making, Decision theory, Owner-managers, Employee attitudes, Private sector organizations

Paper type Research paper



Introduction

The purpose of this paper is threefold. First, to demonstrate and examine inductively derived theory through the application of grounded theory methodology (Glaser and Strauss, 1967). Second, from a wider empirical organisational case study two emergent theoretical categories are illustrated and critically discussed. It is from these emergent conceptual categories and their properties, developed from data collected from all

Management Decision

Vol. 44 No. 2, 2006

pp. 259-275

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0025-1747

DOI 10.1108/00251740610650238

actors within the business profiled, that insights into the micro-world of a firm along with some of its important managerial issues are revealed. Third, to contribute to the qualitative and interpretive discussion of what can practically be learned from the application and improved understanding of the grounded theory approach to theory building at substantive and potentially more general levels of knowledge.

Addressing the above objectives this paper discusses the depth of individual actor's perceptual differences when considering the company in which they all operate, and the challenges that such differences inherently impose on managing the organisation. With the dominant theoretical constructs emergent from the research centring on management decisions, contemporary thinking on decision theory and the synonymous task of managing are reviewed against selected literature – with the objective of enhancing management decision theory and practice at least at a substantive level.

In sum, the route through this paper reflects traditional grounded theory methodology (Glaser and Strauss, 1967; Glaser, 1978) inasmuch as it introduces grounded theory as a research approach; it discusses case phenomena, data and abstract emergent theory; subsequently reviewing appropriate literature. A discussion of plausible explanations for emergent substantive theory together with existing knowledge concludes.

Grounded theory

Championing their argument for the inductive discovery of theory sociologists Barney Glaser and Anselm Strauss developed new perspectives on social science research grounded in a systematic approach to data. The practice of grounded theory beyond sociology has experienced application and discussion (if somewhat limitedly) over recent years (for example: Connell and Lowe, 1997 (tourism and hospitality management); Charmaz, 1990 (medical studies); Douglas, 2003a (research supervision); Henwood and Pidgeon, 1995 (psychology)). More specifically, the field of management research has seen some accounts of the application of grounded theory (Andriopolos and Lowe, 2000 (management's creative practices); Douglas, 2003b (management research); Locke, 2001 (management research); Partington, 2000 (management action)). A paucity of published accounts remains of the application of grounded theory within the multifaceted field of management inquiry.

What is pertinent to social research, applying grounded theory, is that it seeks to approximate to the context of that being studied; for example, an enterprise, its actors, their interactions and interrelationships; thus conveying conceptual understanding of issues that make up their' naturalistic worlds (Van Maanen, 1979). Thus eliciting meaning from data rather than data themselves. Over subsequent years after their original work Glaser and Strauss (1967) tended apart in their views on approaches to grounded theory. Glaser (1992) selects an area for study (for example, an organisation or profession) and allows issues to emerge. He proposes a methodological framework that is flexible in developing disparate and freely emergent phenomenon. Strauss (Strauss and Corbin, 1990) is arguably more detailed, structured and prescriptive – preferring to identify a phenomenon or issue (for example, a manager's leadership style). Glaser regards such rigidity as forcing, rather than allowing for materialisation of theory, "in grounded theory we do not know, until it emerges" (Glaser, 1992, p. 95). He believes the researcher should enter an organisation with a broad inquisitive brief

and subsequently reduce to deeper levels of understanding as themes inferentially emerge. This was the approach adopted for the management investigation reported herein.

Case description and research design

Trading for over 30 years, the target organisation was a highly specialised privately owned engineering company, one of only about six in the UK. The present owner-manager (hereafter identified as “manager”) had bought the company four years earlier from the retiring owner-manager whom had established the business. The new manager’s admitted aspiration was for the business to make him wealthy.

At the time of the research he employed ten full-time staff – four of which could be described as the business. These “principal engineers” had developed their skills over 25-30 years with the business and without them the company could not offer its unique core service. The remaining six employees (five with general engineering skills and an office administrator) held tenures of between three to nine years. With the exception of the office administrator the workforce was male. The manager, with a background in large service sector corporations, had not previously managed a small enterprise and admittedly knew nothing of the service or industry he had bought into. With orders falling and employee-management discord rising, he realised the firm was in trouble.

Data collection and application of the constant comparative method, which shaped conceptual categories and their properties, formed two consecutive phases. Initially, exploratory field investigations were carried out over three months, with the researcher intermittently visiting the company. Visits usually lasted between one and three hours, during which time the researcher engaged in unstructured and semi-structured (shop floor, office, restroom) discussions, complemented with observations. All employees and the manager were met with on a number of occasions during this phase. Field notes were typically written *in situ* or soon after each visit.

The second phase was over a three-week period. Individual in-depth, off-site, semi-structured, open-ended, interviews were carried out with all employees and the manager. Interviews with each employee lasted for between three to four hours, and in excess of six hours for the manager. Only one interview was carried out in any one day – allowing for some initial consideration of the accumulating data prior to the next interview. All interviews were, with respondents’ consent, audio taped and subsequently transcribed. An ethical protocol was applied throughout the research.

Interviews over both phases took the form of “informational, reflective and feeling” dialogue (Charmaz, 1990, p. 1167). Phase-one discussions were mostly “informational” in nature and established chronology of the interviewee and subsequent events within that person’s historical reflection of his/her employment with the company. Data gathered were responses to questions of What?, Who?, Where? and When? The “what?” questioning sought identification and description of data and incidents and were the basic building blocks of constructs. The “who? where? and when?” discussions identified the ‘temporal and contextual factors [that] set the boundaries of generalisability, and as such constitute the range of the theory’ (Whetten, 1989, p. 492). These questions consequently set the substantive parameters on gathered data, emergent constructs and subsequent theoretical explanations. Phase-two were predominantly “reflective and feeling” discussions in terms of “self” and took the form of How? and Why? and sought to uncover individual’s interpretation of incidents

under consideration. These “how?” and “why?” questions were asked to establish relationships amongst the emergent constructs and to provide theoretical rationales for phenomena through the identifications of “causal relationships” (Whetton, 1989, p. 491). In sum, what was occurring was the accumulation of multiple perspectives of phenomena.

As later illustrated, the grounded theory approach sought emergence of topics that appeared to be important in the words and explanations of respondents “... due to their ‘density’ regarding both their descriptive strength and richness in referring to various themes” (Lansisalmi *et al.*, 2004, p. 245). The triangulation of multiple perspectives of incidents builds credibility to emergent conceptual claims. And, whilst the grounded theorist must remain “sensitive” to multiple perceptions of phenomena and not “force” theoretical explanations from the data (Glaser, 1978), triangulation offers opportunity “... to clarify meaning, verify the repeatability of an observation or interpretation... [and]... by identifying different ways the phenomenon is being seen” (Stake, 2003, p. 148).

Triangulation of data sources (in this case from all actors within the organisation) offered data that were the foundational substance from which conceptual categories and their properties emerged. Through the “informational”, “reflective” and “feeling” questions the research was able to move from the establishment of what could be termed fundamental realities (e.g. the business did move to new premises), to consensual or collectively agreed realities (e.g. all actors in the organisation agreed that relations between the manager and principal engineers had become disharmonious) and ultimately to non-consensual or disputed realities (e.g. staff-management disharmony was (not) solely the consequence of management practices).

Data triangulation is usual practice in grounded theory methodology, with the “constant comparative method” (Glaser and Strauss, 1967) of creatively comparing incident-to-incident and informant-to-informant data, and labelling of theoretical categories reflecting how “the theory should fit the data” (Glaser and Strauss, 1967, p. 261). It is through the iterative process of discovery that the analyst “continually checks out his theory as the data pours in” (Glaser and Strauss, 1967, p. 26) and will be constantly seeking verification of emerging conceptual categories and their properties. Applying the precept of “theoretical sensitivity” (Glaser, 1978), where the researcher utilises “both the intellect and intuition without forcing theoretical explanations from the data” (Connell and Lowe, 1997, p. 171), data were annotated, theoretically categorised and re-categorised to connecting patterns and abstract themes.

As one “... sees similar instances over and over again, the researcher becomes empirically confident that a category is saturated” (Glaser and Strauss, 1967, p. 61) with data and then moves to develop explanations at conceptual levels through accumulated multiple data sources until they cease to render any fresh understanding. Core conceptual categories tend to be the last to reach saturation as they emerge as central constructs linking other theoretical categories. It is the eventual exhaustion of induced conceptual properties and categories of properties assigned at various levels of abstraction, and the proffering of explanations for phenomena, that theories become established.

In defence of their approach to inductive theory building, Glaser and Strauss (1967, p. 3) identify five interrelated jobs of theory – to provide:

- (1) Prediction and explanation of behaviour.
- (2) Theoretical advancement.
- (3) Practical applications.
- (4) A perspective on behaviour.
- (5) A style guide for research on particular areas of behaviour.

They justify the worthiness of grounded theory as it has the capacity for an “intimate connection with empirical reality” (Eisenhardt, 1989, p. 532).

It may be contended that a grounded theory is the “intimate” account of relations among concepts, set within identified constraints and assumptions. Theory building requires the researcher to be mindful and sensitive to what he/she puts in and leaves out, and, how to communicate a theory and its antecedent trail of development from raw data to theoretical explanations of phenomena, thus “the purpose of theoretical statements is twofold: to organise (parsimoniously) and to communicate (clearly)” (Bacharach, 1989, p. 496) – as an addition Dubin (1978) advances “comprehensiveness” beside “parsimony” as factors for judging theory and its development.

Naturalistic inquiry is always a matter of degree and the extent to which the researcher influences respondents and imposes categories on data will create uniqueness (Patton, 1990). Theory therefore is not “a perfected product . . . [but is] . . . ever-developing” (Glaser and Strauss, 1967, p. 32). With grounded theory placing “the main researcher in a central role” (Lansisalmi *et al.*, 2004, p. 249), as is often with qualitative methods *per se*, it is contended that the “usual canons of ‘good science’ . . . require redefinition in order to fit the realities of qualitative research” (Strauss and Corbin, 1990, p. 250). Consequently applying “positivist notions of reliability and validity to judge the quality of a postmodern analysis” (Cassell and Symon, 2004, p. 5) is arguably inappropriate as it will in most cases find qualitative approaches and their emergent theories deficient.

In defence of qualitative methods Lincoln and Guba (1985) identified an alternative set of criteria corresponding to those typically employed to judge the validity and reliability of quantitative methods. Positivists’ conventional terminology: “internal and external validity”, “reliability” and “objectivity”; were countered respectively in naturalistic terms of: “credibility”, “transferability”, “dependability” and “confirmability”. It was these contemporary canons that acted as guides in the development of the grounded theory research reported herein.

Disputed perspectives of reality

Comprehensive reporting of the grounded theory research findings, from which examples are drawn for this paper, would extend to cover the entire range of conceptual categories (of which there were 15) and their properties (in excess of 200) that emerged during the analytical stages of the grounded theory process. Cognisant of a need for parsimony, clarity of communication and comprehensiveness, and for depth of discussion and illustrative purposes, this paper focuses on the two significant core conceptual categories emergent from the manager and employees’ data.

The following two sections, “management decisions and consequences – employees’ perspectives” and “self as manager – manager’s perspective” are the central constructs evolving from data of all employees and the manager respectively. The first section describes employees’ perceptions of noteworthy decisions taken by the manager. These decisions were conceptually categorised as “growth decisions”,

“process decisions” and “reaction decisions”. Following on are the employees’ perceived consequences to management inspired decisions and categorised as: “u-turns”, “drains” and “internalities” – in all depicting employees’ challenges to the management of the business.

The second section describes the manager’s perceptual defences and rationales for making the decisions that he did and managing the business and its employees in the way that he did. Two conceptual categories make up this section – “managing self” depicts the manager’s introspection as he reviewed his decisions and how he had generally managed the organisation. Reflecting on his post-decisional position, the category “managing others” poignantly reveals his rationalisation of how and why he needed to manage employees as he did.

It is normal practice when reporting grounded theory to support theoretical constructs with examples of respondents’ transcripts, thus illustrating source data and conveying “credence, comprehensibility and verstehen” (Strauss, 1987, p. 219). To this end, selected tracts of transcripts are cited to emphasise data groundedness. Actors’ reported names are fictitious.

“Management decisions and consequences – employees’ perspectives”

Management decisions

Growth decisions. During the first three years of ownership the manager made a number of decisions to develop the business in various ways. He physically moved the business from an established site, which he owned under the original purchase, to new larger industrial units, with large rental costs. He also bought an existing engineering company, against the advice offered to him by the four principal engineers, with the desire to curtail contracting out any work.

Tom [Principal Engineer, 26 years with the company] tried everything for him to stop buying this company, and the lads knew that it was a bad buy. But that’s the way he is, that’s the way he wanted to take us. It all went wrong in a very big way. They have sort of withdrawn that advice now (Jennifer, Office Administrator, nine years with the company).

With the new leased site and purchased engineering company the manager believed he had created the potential to do work that the business had not been able to offer previously. He actively pursued work of a different nature, offering more general associated engineering services that could utilise what the larger business perceivably could offer. Four existing engineers that worked for the newly purchased engineering company were also recruited along with two more. Also apprentices were taken on with the desire for them to learn the craft of the principal engineers. With the recruiting of a shop floor supervisor the staff numbers had doubled to 20 within three years of new ownership.

Four blokes came with the engineering company. He had a notion that if you take on ten more people you get ten times more work. He didn’t realise you needed ten times more customers (Richard, Principal Engineer, 30 years with the company).

Process decisions

As part of the manager’s decisions to change the size and scope of the business came the decision to restructure the business and create different departments, with the desire to have a production-line style of processing work through the factory.

He thought he could set up a production line. It does not work like that. He seemed to think he could improve things. I have to say he has failed (Richard).

A female supervisor was appointed without any forewarning to the employees. She had previously been a supervisor in a food-processing factory.

She could not grasp the job. The work is very hard to explain. She had not a chance. You explained to her, she could not grasp it. She did not trust anybody. It was a disaster (George, Principal Engineer, 25 years with the company).

Whilst relinquishing himself of much shop floor duties the manager attempted to discuss technical issues when meeting with existing and new clients as they visited the company. However, having had no previous experience or knowledge of the type of business he presently owned and the services it offered, he was at best limited, and, if what some employees believed, he lost the company business by attempting to be knowledgeable.

The owner has had a lot of customers shouting at him, because how he came over. He has a bad attitude towards them. He talks down to them. He has had a few corners knocked off. The old owner was good with customers (Doug, Principal Engineer, 29 years with the company).

The manager adopted a somewhat aloof managerial style, by having limited communication with employees and not discussing issues prior to making independent decisions that affected the business and its employees. He appeared to prefer external help and advice (using consultants) in making decisions rather than utilise that which was *in situ* (employees).

I think we have got commitment to the job. It should be to the company and the owner really. We were probably committed once to him and the company. Decisions need to be made. The owner sees himself as the only decision maker. It's all on a need to know basis (Doug).

Reaction decisions

Some decisions that were taken appeared to be as a reaction to either previous decisions made or due to reactions made by employees to managerial decisions. The abolition of staff meetings after the only one that was called was a reaction to the opportunity taken by some employees to communicate their negative feelings about how they saw the business under its new ownership and the decisions taken so far.

We only had one staff meeting. There was an argument and never had any more (Bernie, General Engineer, three years with the company).

The abolishing of the annual wage rise, bonus scheme and Christmas parties could be interpreted as the manager's reaction to employees not increasing their productivity to a level acceptable to the manager. Having not risen to an acceptable level, such withdrawals may also be a cost-saving reaction to increased income not coming in as forecast to recover some of the costs of previous decisions, such as moving premises and buying an engineering company and employing more staff. Whilst by not rewarding employees as some were used to and therefore saving money, the abolishing of such rewards could have been interpreted as the manager's reaction to behaviours and attitudes of only some employees he disliked, but consequently penalised all employees *en bloc*.

Management decisions consequences

Figure 1 depicts employees' collective perceptions of how the manager's decisions had impacted both on the business and on them. Constructed from emergent data, decision consequences clustered in to three constructs: "u-turns", "drains" and "internalities". U-turns were the result of previous decisions that resulted in other decisions being made which, in turn resulted in reversed consequences to previous decisions, for example, the hiring of more employees then later dismissing them. Drains were the tangible observations that were the direct result of previous decisions that show a net loss, for example, the moving to rented premises from buildings that were owned and retained (unable to sell) but not utilised and resulted in a substantial financial drain.

He got the idea of selling the other premises. He's still got it. We all moved to this new site. Attitudes have now changed (Mike, General Engineer, seven years with the company).

Internalities fell in to two groups: "working practices" and, "personal feelings and emotions". Working Practices highlighted changes that were believed to be responses to decisions that affected the internal working practices of the business, for example, observable cut backs in an attempt to claw back money lost by deciding to physically expand the business. Personal feelings and emotions, highlighted peoples feelings to decisions made by the manager, for example; demoralising, undermining, upsetting. All employees, but especially the principal engineers, placed considerable store on their personal feelings of the manager's decisions and perceived consequences.

I expected him to look after the business. I expected him not to do silly things. He gets carried away. He needs to sort himself out. He rattles us (Richard).

In summary, a multi-dimensional description of respondents' meanings, with regards to important (to them) issues, had formed. Consequently individual and collective perceptions, feelings, emotions and behaviours impacted on the business. What appeared to have emerged with reference to the employees' accounts was a range of, what could be described as challenges to the manager's decisions and management of the business.

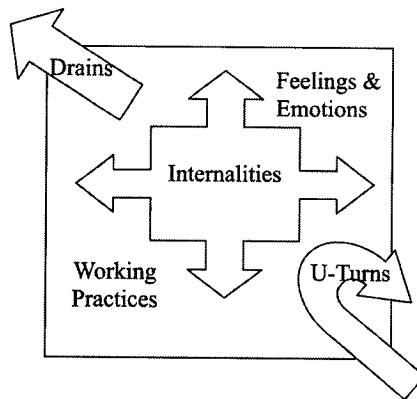


Figure 1.

Self as manager – manager’s perspective

Managing self

This construct was a cluster of five conceptual sub-categories: “sought to”, “decided to”, “reality”, “reflections” and “options”. They emerged from the manager focusing on himself in terms of “I”, “me”, “my”.

I have instigated a lot of change, and a lot of change to people who are not used to a lot of change ... The negative effect is that it is costing a lot more and that makes the business less profitable to me ... At the end of the day it’s my company, and that’s what they don’t appreciate.

On purchasing the company the manager “sought to” make decisions that would result in changes to the company that he believed would increase his wealth.

I want to make myself wealthy at the end of the day.

To bring about these changes he “decided to” manage organisational change from an individualistic approach and not in the main seek nor appear to encourage employees’ involvement in decision making.

They are terrified about security and the fact that the company will go under if I continued to make these wild decisions and take it in areas its never been before.

The “reality” of the decisions produced perceivable numbers of outcomes that were appropriately described as undesirable.

It might have been a very silly thing to have done, going into a business I didn’t understand. I have had to rely on the lads for everything.

His “reflections” on his position and that of the business evoked emotions that highlighted his frustrations of not perceivably realising his desires.

I’m feeling pissed-off with them at the moment.

However, his reflections conveyed his naivety to the situation in which he had got himself.

There is a big hole on the technical side, I am not capable of filling it, I do not want to fill it. I will never be able to fill it.

With some realisation of his position he pondered more possible decisions that he perceived as potential routes out of the position he was in. Realising that the oppositional power was predominantly from the four principal engineers and their confronting managerial decisions with intransigence, the manager considered future “options”. He contemplated distancing himself from managing the employees directly.

I have really come down to the view of getting a guy as the shop manager. If I get the right guy they will probably accept it. I think they see it as I don’t know what I’m talking about.

However, it appeared to be a short lived judgment to distance himself by indirectly managing through an intermediary, as this had been tried before and failed.

They took a dislike to her, she was quite aggressive. I found her helpful.

He resigned himself to losing the perceived battle and intimated that getting out of the business could be his ultimate decision option.

I cannot beat it so I might as well give in. It does not give me any confidence in them . . . If one day I want to sell the business I've got to find someone who wants to buy the business and its got to have something to it.

Managing others

This construct was the amalgam of two conceptual sub-categories and their properties: "principal engineers" and "all employees". They emerged from the manager focusing on the employees in terms of They, Their, Them.

I told them this, and they all got upset, especially the four senior guys . . . No one mentioned their pay rise, it all goes to prove something doesn't it . . . I have not seen a lot of change in them.

The first category reflected the manager's skewed perceptions of the four principal engineers as a group. The second category was a general category that didn't highlight any particular employee or the group and was levelled at all employees. The conceptual properties of the manager's data conveyed the view that the principal engineers had adopted an oppositional stance against him as a manager of them and of the business. He perceived them feeling under threat or siege by the manager due to his decision-making and change strategies.

There have been a number of things that I've done that they don't approve of, I know . . . unless they feel they have been put upon, that they feel the need to fight back.

He was of the mind that the principal engineers displayed feelings and emotions that conveyed their opposition to him. He realised that they had withdrawn from offering support that appeared not to have been requested by the manager and along with it they had instigated their own processes of retaining the status quo, at least in areas that they could exercise their expert power.

They got very angry with me because I wanted to change . . . There is no question, they don't bust their arse.

Considering the employees as a whole, with no specific reference to individuals the data highlighted a number of properties that reflect his perceptions in general terms. Whilst admitting the employees were conscientious to their jobs, they did not meet his desires for more efficient and effective (productive) outcomes.

They are not motivated. They are reasonably conscientious. The resources are there but it's getting the jobs done that's the problem.

The lack of appreciation and motivation collectivised them all as being guilty of the same crime of wanting more remuneration without having to work more productively.

They haven't mentioned the 5 percent pay rise last April because they are all guilty about it . . . its cushy. There is no time frame, if I hassle them what can I do. That's the power play.

In summary, "self as manager" grounds the analyses in original data. Like the employees' data, it creates a multi-dimensional account of the manager's meanings with regards to important (to him) issues that shape his individual perceptions, feelings, emotions and behaviours, subsequently impacting on the business, employees and him. What appears to have emerged from the manager's explanation is a range of

defences and rationales to challenges levelled at his decisions and managing of the enterprise.

Decision literature

When starting out on a grounded theory approach the researcher should avoid conducting any specific literature review. It is expected that emergent theory will influence one's recourse to relevant literature (Lincoln and Guba, 1985; Stern, 1994; Strauss and Corbin, 1994). Nevertheless, no researcher is devoid of pre-knowledge, be it closely associated or tenuously linked to that under study. Moreover, the grounded theorist is a significant element of the data gathering and analytical processes – everything (including that of the researcher) is data (Glaser, 1978). It would be imprudent for the grounded theorist to embark on any premature reading of literature that may offer anything other than a partial framework of local concepts that possibly aid in identifying basic features of the situation being studied – and “be contaminated by concepts more suited to different areas” (Glaser and Strauss, 1967, p. 37) thus leaving him/her with anything other than “open mindedness” (Connell and Lowe, 1997, p. 172) to emergent theory. Accordingly the illustrative, later stage, literature review on decision theory follows.

Management and organisational decision theory, has over the last few decades received the dominant attention of the so-called “psychophysical” researcher (for example, Von Neumann and Morgenstern, 1944; Edwards, 1954; Teger and Pruitt, 1967; Slovic and Lichtenstein, 1971; Hammond *et al.*, 1975; Arrow, 1982; Ball and Datta, 1997). Nonetheless, there has been some attention given to decision theory from the less positivistic perspective (for example, Barnard, 1936, 1938; Simon, 1945, 1997; March and Simon, 1958; Weick, 1995, 2001; Bazerman, 1998). It was work by Kahneman and Tversky (1974) that became a notable turning point in contemporary decision research. Despite coming from psychophysical backgrounds, their work focused on decision research using the dominant normative rational approach as their departure point.

Kahneman and Tversky contended that traditional axioms and rules are incomplete as behavioural norms in decision making, highlighting the necessity to consider the decision maker as someone who does not necessarily seek (nor expect) utility as being the rational decision outcome. Human behaviour acting in a rational “transitive” manner would expect to observe human choice and judgment preferring A to B and B to C and thus logically preferring A to C. Kahneman and Tversky's work challenged such logical behaviour evidencing people who on occasions display “intransitive” preferences – preferring in given circumstances C to A.

Simon (1945, 1997) and Maule and Hodgkinson (2003) have contended that constraints on the rationality hypothesis in understanding decision making has led to studying decisions from a behavioural perspective. Like Simon, Barnard (1936, 1938) believed that the activity of decision making was, within the context of business organisation, synonymous with managing. It is the making of decisions that differentiates the manager from other actors and their activities within an organisation. The manager makes decisions and manages resources within the naturalistic context of the organisation.

A significant contemporary development in decision research has broadly been described as “naturalistic decision theory”. Researchers in naturalistic decision theory have moved to studying decision makers in their natural settings (Beach and Mitchell,

1990; Klein *et al.*, 1993; Zsombok and Klein, 1997). The contexts studied have been across a range of situations where judgment and elected decisions may often be required within short time scales (for example: military, nuclear power, health). Within business and management contexts there are some reports (Schmitt, 1997; Smith, 1997). This paper also conveys its findings on managerial decisions from a naturalistic perspective. What follows is a discussion of the illustrated literature in conjunction with the grounded theory derived findings.

Discussion

Biases and heuristics (Kahneman and Tversky, 1979) were predicated on the “intransitivity” of human preferences. The manager’s contention of the business needing to change, hence the decisions he made, was posited on his logical argument that the business needed to change to survive. It could be argued that the manager’s decisions to change the business was based on his psychological desire to manage a business that was the product of his accomplishments and not that of others – previous or present.

The differences between the employees’ perceptions and those of the manager affected all actors’ behaviours. The manager’s behaviour was affected as a consequence of the affected behaviour of employees, especially the expert power holding principal engineers. The manager’s perceptions of the principal engineers particularly, manifested a negative behaviour towards them, with retributions affecting all employees.

The outcomes from individual cognitive differences and perceptions within the small company evoked feelings and emotions, decisions, attitudes, evaluations and actions. It was the emergence of such outcomes across a number of dimensions with which the manager made his decisions and managed the company against the dimensions with which the employees cognitively evaluated the manager’s performance. All actors conveyed many perceptions of situations within which they were inherently entwined, by all being in the same naturalistic organisational environment. For the manager, his managerial perceptions of significant business bound phenomena are arguably linked to his cognitive structuring of decisions and subsequent managerial behaviour. Maule and Hodgkinson (2003) advance such similarities between managerial perceptions and those emanating from the field of behavioural decision making. This theoretical connectedness also appears linked within the reported case.

The manager embarked upon growth and process decisions for the business in situations that tended towards risk and uncertainty. His reaction decisions were either reactions to his previous decisions or reactions to (perceived) employees’ behaviours to his previous decisions. Such reaction decisions negatively affected employees’ feelings, emotions and behaviours, with ill-considered effects on the business – thus carrying risks in themselves.

Arguably what was being experienced was a contentious mix of “logical” and “non-logical” (not illogical) thought processes (Barnard, 1936). The minds of the logico-deductive principal engineers were clashing with the more intuitive non-logical manager. According to Barnard’s thesis, the framing of decisions will be distinctly different. Logical engineers will frame decisions applying subjective expected utility (SEU) (Von Neumann and Morgenstern, 1944). This cognitive processing would be a

normal structuring process within their jobs. The manager admitting his lack of interest of anything technical, and, the industry he had bought into, framed decisions more non-logically.

Because of such human differences between employees generally and the manager, and the principal engineers especially, due to their expertise, any attempt at explaining the restructuring of the organisation by the manager had been avoided. This chasm is naturally filled by recipients' own "sense making" (Weick, 1995, 2001). The manager may have embarked on decisions that could be argued as being the product of his framing of the situation. However, in retrospect, his framing has been inappropriate and he needed to have "imagined" what would have been necessary to reach his goals (Beach and Mitchell, 1990). Nonetheless, the manager embarked on a series of growth, process and reaction decisions, but appeared not to have applied any "hindsight frame" in pragmatically moving from a failed decision to a successful one. The manager appeared to over use intuition and non-logical decision making (Barnard, 1938; Simon, 1987).

Assigning considerable "weight" to winning, the manager's cognitive framing of issues is intertwined with the weight he places on gains over any losses. Wishing to establish the business as his encourages him to gamble in his decision making, which appears to show him as erring towards making decisions under conditions of high risk or even uncertainty – where outcomes cannot be judged. His elicitation of information required prior to decision making appeared limited as he preferred not to engage in a group structured framing of decisions.

Arguably, the manager "gambled" in his decision making (Kahneman and Tversky, 1979) as he placed a higher "value" (rather than 'utility') on winning. Being cognitively "intransitive" he sought to gain control through a number of individually contrived strategies that would place him as sole manager and decision maker of the business, not in any de facto partnership. However, as every gambler knows, the game (a term used by the manager) is one where a competitor (or combatant) can lose as well as win.

The manager was applying heuristics and biases (Kahneman and Tversky, 1974) in his decision making. Heuristics being trial and error, he appeared to trial a number of decisions that could be interpreted as culminating in failure. He reflectively conveyed a bias that after four years of owning the business the reality was that it had not changed to meet his aspirations.

Tacitly or explicitly agreed decisions by the principal engineers not to comply with significant manager's decisions, arguably gave the principal engineers organisational decision-making capabilities – at least in part. The principal engineers applied their own collective heuristics and biases, particularly the "anchoring" heuristic (Kahneman and Tversky, 1974). The principal engineers' initial collective starting point from which they evaluated the new manager was "anchored" in historical practices. Such biases were sufficiently powerful to affect strategic and operational management of the business.

The principal engineers' sense making (Weick, 1995, 2001) may hold some attribution to them perceiving themselves as guardians of the company against the exigencies of the manager. Retrospectively they are measuring the manager's performance over the time of his stewardship, subsequently measured over the time the company has been in existence. The rest of the employees measured him over individual shorter historical perspectives.

Such sense making is either “belief” or “action” driven (Weick, 1995, 2001). What is occurring is “action-driven” sense making by the manager clashing with “belief-driven” sense making by the principal engineers. The former is action-based decision making that generates commitments, whilst the latter is founded on arguing and envisioning decision consequences. There was no evidence of reconciliation.

Conclusion

It is normal practice for the grounded theorist, to either present one’s substantive findings in the form of “a codified set of propositions or as a running theoretical discussion using conceptual categories and their properties” (Glaser and Strauss, 1967, p. 31) – the latter form has been exemplified here. As earlier inferred, to give credence to substantive theory generation one would have to account for all data analysed. To advance the epistemological significance of grounded theory in management and decision research, within the qualitative paradigm, this paper has selectively discussed in-depth data with relevant selected literature – accordingly some theory has been reported.

The emergent theory has exposed actors’ disputed perceptions of how the business had been managed and should be managed, and, the judgments and decisions that had been made and consequently should be made. The result is deep-seated management-employee discord. This entrenched dissonance threatens the very survival of the business. Nevertheless, such risk to all actors’ livelihoods and especially to those of the new manager and the long serving principal engineers does not appear to deter either side from continuing to be cognitively and behaviourally antagonistic towards each other. Winning the battle for the perceived ownership of the business emerged as being of prime importance, whilst the viability of the business has been eclipsed by the manager’s goal of wanting to singularly control the business without resort to consultation or negotiation with employees. This determination had witnessed the manager engage in decision making under conditions of risk-to-uncertainty as he gambled on decision outcomes and behaved intransitively in the belief that such practices would eventually result in making the business his and his alone. By applying grounded theory methodology the human complexities of managing such an enterprise have been uncovered.

The research discussed within this paper adhered to the original guiding principles of *The Discovery of Grounded Theory* (Glaser and Strauss, 1967). Reflexively, personal values build up and predispose on to a mental map. If one were not to adhere to the precepts of grounded theory in inductive theory building it would naturally allow for an array of personal interpretations of data to explain away events and phenomena. With this in *mind* the research remained “faithful to the data rather than forcing it to fit a theory” (Glaser and Strauss, 1967, p. 34) and accessed relevant literature only after theoretical categories and their properties had materialised (Glaser, 1978). Consequently recourse to decision theory literature and associated management theory emerged as core literature for this substantive inquiry. However, such essential practice is not to be construed as an abandonment of alternative theoretical perspectives beholding potentially constructive contributions to the discussion. As was applied to the broader research from which this paper was drawn – a number of interpretive lenses offered enriching perspectives to a wider debate (*inter alia*: “power” (e.g. Weber, 1930; Foucault, 1986; Lukes, 1986), the “psychological contract” (e.g.

Levinson *et al.*, 1962; Schein, 1965; Robinson *et al.*, 1994) and "attribution theory" (e.g. Heider, 1958; Kelley, 1967; Weiner, 1985)).

In summary, the primary objectives of this paper have been to establish the worthiness of applying grounded theory to investigating complex management issues, to illustrate what can be theoretically developed, and, in discussing the contribution grounded theory offers to researching within the qualitative paradigm, what rewards for such meticulous attention to detail can be produced. Theory building whilst grounded in a particular inquiry has the capacity to generate further research questions and tentative explanations at more formal levels. Such development is not only inductive (data into theory) but is inherently field based and practice orientated. The original research project's aims were not seeking to offer management solutions or recommendations but sought to gain deeper ontological and epistemological understanding of organisational management within a naturalistic context. Nevertheless, grounded theory methodology does appear to display the capacity to develop theories for both practical and wider levels of management inquiry.

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