

Managerial Intelligence

Managerial intelligence may be grossly defined as the capacity of management to find an appropriate and fruitful balance between action and learning orientation of an organization.

The concept of managerial intelligence arises from Mindset Agency Theory: The central assumption is that ‘thinking’, i.e. identification of own interests and ideas about implementation of strategies, influences behavior and actions taken by an agency (organization) in an environment. The processes of ‘thinking’ are guided by the agency’s culture, i.e. its dominant values and legitimizing norms (Gerhard Fink 2018). Performance (the results of action in an environment) is observed by the agency (organization) and reflected upon in terms of operative capabilities and in terms of interests/goals and feasible strategies. The reflection processes may lead to adaptive learning (changes in goals and behavior) and may also have an influence on dominant values of the agency, i.e. reorientation of the general orientation of the agency (organization) and changes in self-identification. The reflection process may also stimulate “creative learning” i.e. finding new approaches to solutions needed in the environment and how to successfully employ innovations to the advantage of the organization.

Cognitive Managerial intelligence enables the consideration of the own goals of an organization and the goals of others in the light of the interests and influences within the internal environment (managers and staff) and within the external environment (stakeholders, institutions, counterparts in the task environment) of the organization, and the facilitation of the development of ideas about the possible reactions of others in relation to the action taken by the agency. Its affective equivalent is the capacity of management to find a fruitful balance between established emotion expression and learning alternate forms of emotion expression.

The concept of “managerial intelligence” and the capability to identify the goals of others are important, because they offer an integrative perspective on management action and on likely failure of action taken by managers.

The emergence of the theory of managerial intelligence was stimulated by empirical observations and arises from the application of systems theory to management. Empirical observations include the findings of William Edwards Deming (1986) that if there is fear in organizations then leaders do not get the right data from subordinates.

Fear within systems reduces loyalty of subordinates to the organizations (social systems) they belong to and, consequently, in the long run also reduce efficiency of production. Based on wrong data, management makes wrong decisions. Fear emerges when leaders (managers) and their subordinates do not have the same goals: In a hierarchical system leaders may want to maximize their income, but workers are mainly concerned with survival interests; afraid of losing their jobs and getting less pay if they do not meet their plan targets. With his cybernetic epistemology of goal oriented systems Helmut Nechansky (2017) has shown that cooperation between individuals only emerges when interacting individuals are willing and able to stipulate mutual goals to realize them together with others. If contrasting goals are stipulated, then conflicts will arise.

Literature:

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