Exploring the psychological foundations of organizational adaptation: Toward a design science of strategic intervention

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Gerard P Hodgkinson, PhD (Sheffield), DSc (Warwick), is Professor of Strategic Management and Behavioural Science and Deputy Head of Alliance Manchester Business School, the University of Manchester, UK. He is the (co-) author of three books and more than 90 academic journal articles and book chapters. In addition, he has co-edited nine scholarly volumes, including The Oxford Handbook of Organizational Decision Making (Hodgkinson & Starbuck, 2008). His work, which has appeared in the Academy of Management Review, Annual Review of Psychology, Human Relations, Journal of Occupational and Organizational Psychology, Journal of Management, Journal of Management Studies, Personnel Psychology, Organizational Research Methods, Organization Studies, Risk Analysis, and Strategic Management, among other outlets, focuses on the psychological foundations of strategic management, applied psychological measurement, and the nature and significance of management and organizational research. Gerard is an elected Fellow of the Academy of Social Sciences, the British Academy of Management, the British Psychological Society, and the Royal Society of Arts, among other bodies. Over an eight year period (1999-2006) he was the Editor-in-Chief of the British Journal of Management and for 12 years (2005-2016) he co-edited the International Review of Industrial and Organizational Psychology (incorporated latterly into the Journal of Organizational Behavior as The IRIOP Annual Review Issue). He is currently an Associate Editor of the Journal of Management and serves on the editorial boards of the Academy of Management Review and Strategic Management Journal.

[Abstract] An obvious truth for anyone who has been at the sharp end of formulating and implementing organizational strategies is that strategy making is a ‘hot’ process, one that is affectively charged and laden with emotion. Stakes are high, egos run at full throttle, and feelings are intense. Indeed, emotions, stress, moods and other feelings permeate strategic decisions to such an extent that the strategist’s domain constitutes a melting pot of excitement, anxiety, hopes and fears. However, these characteristics are airbrushed out of traditional theories of strategy, which assume that strategizing is the preserve of rational deliberation. From this viewpoint, feelings are irrational influences to be eradicated or more often simply ignored.

In recent years, however, behavioural strategy researchers have made considerable progress in understanding the role of ‘hot’ processes in strategic decision making and strategizing more generally. While it is often said that being a good strategist requires keeping a cool head, these developments suggest that not only is it practically impossible to eradicate hot influences from the strategy process but that doing so would leave strategists and their businesses lifeless. Evidence suggests that successful firms will attain flexibility not by ignoring such hot influences but by accommodating them in the design of techniques and practices for addressing risk and uncertainty. My central argument, underpinned by evidence accumulated over the past two decades in the cognitive, affective, and social neurosciences, is that ultimately the ability to manage emotional mental processes, rather than purely cognitive ones, renders strategists more able to adapt to dynamic industry and market conditions. Predicated on this logic, in my talk I will adopt a design science perspective to examine how techniques and practices for dealing with uncertainty and overcoming strategic persistence might be adapted for enhancing ‘hot’ cognition.

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