

## **PART ONE - INTRODUCTION AND THEORY**

This part provides an introduction to the thesis, providing a justification for the theoretical approach used as well as a justification for using Broken Hill Proprietary Company Limited (hereafter the Company) as the case study.

Also included is a critical review of the dominant model of decision making in organisation studies and a suggested theory of managerial decision making, explicitly incorporating ideas of structure and agency, based on the work of two social theorists, Anthony Giddens and Christopher Lloyd. Both Lloyd and Giddens seek to clarify the role of structure and agency in social theory. It is argued in the thesis that managerial decision making is one area of organisation studies where issues of structure and agency will be embedded. That is, the way or ways, in which choices are made, and the factors that impact upon such choices would be explicit in decision making processes. By examining managerial decision making, the relationship between structure and agency should be apparent.

## Introduction

The thesis is an examination of managerial decision making using a theory that makes explicit the roles of structure and agency. Managerial decision making was chosen as the focus, rather than the more generic term “management”, because, irrespective of how management is defined (and there is a plethora of definitions), a central activity of management is decision making.<sup>1</sup> Decision making also links the past with the present and on into the future. While management techniques and theories may become more sophisticated, the making of decisions will always occupy a central place in managerial activities. It is also noteworthy that although decision making is a central feature of management theory (or theories) theories of decision making have developed, as have other aspects of management theory (such as, planning, staffing, controlling, and so on) within a dominant theoretical paradigm. This paradigm is based on structural functionalism which is derived from the work of Talcott Parsons. Chia<sup>2</sup> (amongst others) has made the point that a basis for criticism of theories based on the dominant paradigm of structural functionalism is not that such theories are too theoretical for practical use; rather, such theories are not theoretical enough and hence do not reflect the everyday realities of organisational activity. In other words, Chia is arguing that theories based on structural functional assumptions fail to capture the richness, diversity, and complexity of everyday organisational activity.

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<sup>1</sup> See, for example, Hickson, D. J., Butler, R. J., Cray, D., Mallory, G. R., and Wilson, D. C., (1989/1995), *Decision and organisation - processes of strategic decision making and their explanation*, p. 77, in Hickson, D. J., (ed), *Managerial decision making*, Aldershot; Butler, R. J., (1991), *Designing organisations: a decision making perspective*; London; Chia, R., (1994), The concept of decision: a deconstructive analysis, *Journal of Management Studies*, 31/6, pp. 781.

<sup>2</sup> Chia, R., (1996), The problem of reflexivity in organisational research: towards a post modern science of organisation, *Organisation*, 1/1, p. 52.

The theory used in the thesis is an attempt to overcome the limitations of structural functional theories of decision making and at the same time explicitly to account for the role of structure and agency in managerial decision making. While the question of the role of structure and agency has been debated in the social sciences for some time,<sup>3</sup> it has been the various writings of Anthony Giddens<sup>4</sup> which have had the most impact in the field of organisation studies. While Giddens' theory of structuration has been debated at a theoretical level, there have been very few attempts to apply the theory of structuration to the everyday world of organisations.<sup>5</sup>

It would seem that if it is possible to reconcile structure and agency<sup>6</sup> (which is what Giddens' has attempted to do) then this would be revealed in the making of decisions, or choices.<sup>7</sup> Decision making is a core management activity and the processes of deciding should reveal if either structure or agency is privileged or whether there is a duality. The thesis argues that there is a duality between structure and agency with neither factor being privileged over the other. There is a relationship such that social actors are knowledgeable, purposive beings with the ability to make choices and to make a difference. These choices, or decisions, will be enabled or constrained by structures of both a social and physical nature. Specifically in the making of decisions

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<sup>3</sup> Bryant, C. G. A., and Jary, D., (eds)(1994) Giddens' theory of structuration: a critical appreciation, London, p. 24.

<sup>4</sup> See, specifically, Giddens, A., (1979), Central problems in social theory: action, structure and contradiction in social analysis, London, and Giddens, A., (1984), The constitution of society: an outline of the theory of structuration, Cambridge.

<sup>5</sup> See, for example, Pettigrew, A., (1985), The awakening giant: continuity and change at ICI, Oxford, and Riley, P., (1983), A structurationist account of political culture, Administrative Science Quarterly, 28, pp. 414-437.

<sup>6</sup> Broadly speaking, structure in this sense refers to those conditions which provide the social and physical contexts within which individuals interact. Agency refers to the extent individuals are free to make choices, but that such choices will be enabled or constrained by structural conditions. These issues will be further discussed in the following chapter.

<sup>7</sup> Note that the terms "choice" and "decision" will be used interchangeably throughout the thesis.

various structural elements of the physical and social worlds will impact on decision processes in such a way as to shape choices. It will be argued that these structural elements can either constrain or enable action. Choices will not be determined as social actors can always exercise a choice. A related question, but one not specifically considered in the central focus of the thesis, is whether or not such choices are appropriate in any given situation. The answer to this kind of question can revolve around exactly what “appropriate” can mean. For example, appropriate to whom? Appropriate according to what criteria? What period of time would be considered appropriate? and so on. Specifically, the thesis will not include any judgement about the efficacy or otherwise of decisions made by the directors or senior managers of the Company. Judgements of this kind are beyond the scope of this thesis as the factors which impact upon decision making, and the role of structure and agency are the central concerns of the thesis. However, some authors would argue that it is possible to provide definitive answers to questions related to the appropriateness of a decision or not.<sup>8</sup> They are able to do this by assuming a structuralist or structural-functionalist approach to organisations and organisational activity wherein individuals as individuals do not matter. The most important factor in any choice situation is the environment within which an organisation operates. The environment determines the appropriate structure for the organisation. This results in the organisation being efficient and effective, in economic terms. The organisation will have achieved what Donaldson has termed structural adaptation to regain fit (SARFIT). To discover how to achieve SARFIT normal science (positivist) processes are used.

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<sup>8</sup> See, in particular, Donaldson, L. (1996), The normal science of structural contingency theory, in Clegg, S. R., Hardy, C., and Nord, W. R., (eds), Handbook of organisations, London, pp. 57-76. The remainder of this paragraph is based on this work.

The extent to which it is possible to generalise natural science concepts and methods to organisations is somewhat questionable. Certainly, it is possible to argue that there are physical dimensions to organisations (buildings, offices, products and so on) but there is also a social dimension. By using a theory which explicitly addresses the role of structure and agency it may be possible to reconcile the physical and social elements of organisations, as mediated by the social actors.

The thesis will argue that the theory of structuration represents a useful starting point but the theory contains a serious flaw which is difficult to overcome and thus calls into question the very basis upon which the theory rests. This does not mean that the theory does not generate some ideas that can be used to understand how choices can be enabled or constrained by structural features of either the social or physical world.

The approach to be adopted in the thesis combines theoretical elements of Giddens' structuration theory and Lloyd's structuralist theory.<sup>9</sup> Lloyd's theory is not as well developed as Giddens' theory of structuration. However, as will be demonstrated, by using Lloyd's central theory of structure and agency together with elements of the theory of structuration the potential explanatory power of the combined theories would be significant to the field of managerial decision making and could have implications more generally for organisation studies.

The thesis uses as its case study the Company and antecedent organisations, dating from the time mineral leases were first pegged at Broken Hill in September, 1883.

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<sup>9</sup> Lloyd, C., (1993), Structures of history, Oxford.

This date was selected as the commencing point, rather than when the Company was officially incorporated in August, 1835 as, even though the names of the organisations may have changed, there was a continuity of individuals and assets at each stage of the development of the different organisations. The connections between the various organisations will be further discussed in the body of the thesis.

This is not a detailed history of the Company as that is yet to be written (although there are a number of general discussions relating to the history of the Company). A history of the Port Pirie smelting works has been written as has a history of the iron and steel industry.<sup>10</sup> But there has not really been any serious attempt to examine the role of individuals in the development of the Company. The thesis tries to overcome this deficiency in the literature by examining managerial decision making in the Company. As a consequence of pursuing this aim, the role of individuals in the development of the Company will become clearer. A secondary issue is that much information on the early history and development of the Company that was not previously available will now be known.

The empirical material does not cover all aspects of the operations of the Company. The thesis concentrates on those activities that formed the core operations of the Company. By core operations is meant those operations involved in the mining, smelting, transportation of materials to and from Broken Hill, and the markets for the products of the Company. As was pointed out above, not all aspects of the operations of the Company are discussed. For example, there is no discussion of the problems

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<sup>10</sup> See Green, F.A., (1977), The Port Pirie Smelters, Melbourne, and Hughes, H., (1964), The Australian iron and steel industry 1848-1962, London.

posed to the Company by the tariff policies operated by the governments of, initially, the colonies, and then, after Federation, the Federal Government. The rationale for examining the core operations is that unless these operations were successful, then other issues (such as tariffs) would not have been a consideration of the directors and senior managers. As a result of such a focus the major concentration of the thesis is on operations at Broken Hill, with reference to other locations of Company operations as and when necessary.

Worth noting at this juncture are the changes to the ownership of the leases. The Company was not incorporated until August, 1885 but the asset base of the Company can be traced back to 1883, when the leases were first pegged. The original group that took up the leases in September, 1883 was not constituted as a company; instead a syndicate of seven individuals was formed to exploit the find. This syndicate of seven was later enlarged to fourteen and became the basis for the first company to be formed (although it was not registered): the Broken Hill Mining Company. The assets of the Broken Hill Mining Company (the leases at Broken Hill) were sold to the Company. These assets were then used as the basis for the public flotation of the Company in 1885. Thus, while the ownership of the leases may have changed, the original leases all remained intact until being transferred to the Company. It is the explicit role of structure and agency in managerial decision making of the syndicates, and the two companies which arose from these syndicates, that forms the central focus of the thesis. The period of the study covers the pegging of the Broken Hill ore deposits in 1883 up until 1915 when the Newcastle steelworks were opened.

Thus there are a number of reasons for selecting both the topic and the organisations.

First, there is the degree to which a theory of structure and agency could be used to explain managerial decision making using the Company as a case study. This explicit use of a theory of structure and agency to explain and understand managerial choices in an applied context is something which is generally missing from organisation studies.

Second, while there are many histories that examine a variety of early Australian organisations, and some that examine the Company, these histories tend to be of a narrative type and do not specifically examine managerial decision making of the companies.

Third, those works which have examined the Company have not explicitly accounted for the role of individuals (with one or two exceptions) in establishing and maintaining the organisation. Instead, there seems to be an implicit assumption that once the ore deposit was discovered, the fate of the Company was determined.

Fourth, of the works that examine the Company<sup>11</sup> none really attempts to examine developments that took place within the organisation in the broader social, political, and economic structures of the time. There is also, little, if any, recognition that the mining and smelting of silver and lead had a history stretching back for many centuries,<sup>12</sup> and the discoveries at Broken Hill were merely another in a long line of discoveries stretching back into the past. There is also no explicit recognition that the

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<sup>11</sup> Blainey, G. (1968), The rise of Broken Hill, South Melbourne; Solomon, R.J. (1988), The richest lode: Broken Hill 1883-1988, Sydney; Trengove, A. (1975), Whats good for Australia . . . the story of BHP, Sydney.

<sup>12</sup> See, for example, Agricola, G., (1556), De re metallica, translated 1912, London.



individuals who managed the company brought with them their own histories that they had accumulated prior to commencing to manage the organisation, or of how this history influenced their actions in first establishing and then managing an organisation that grew from the initial ore discovery in 1883 to become one of the largest public companies (in capital terms) in Australia.

Fifth, of those works that specifically examine the Company, there is little recognition of the extent of the problems faced by those who owned and managed the organisation. Certainly, the more obvious problems (such as the metallurgical problems of treating sulphide ores as opposed to oxidised ores; how to "release" the zinc that was tied up in ore tailings) are mentioned. But there was a plethora of other problems, just as significant in terms of operating the company, that are not treated.

Six, some insight into Company decision making is provided by the way which employers managed industrial relations during the period being studied, a perspective which, according to Wright<sup>13</sup>, is absent from the majority of industrial relations case studies.

The thesis is divided into a number of parts and within each part a number of chapters. The first part discusses the nature and rationale of the thesis and also includes a critical review of decision making theory, followed by a discussion of how Giddens' theory of structuration and Lloyd's structuralist theory can be combined to illuminate managerial decision making. The second part briefly examines the circumstances

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<sup>13</sup> Wright, C., (1995), The management of labour: a history of Australian employers, Melbourne, pp. 1-3.

surrounding the formation of the syndicates and the two companies. Included in this is a discussion of the capital structures, and changes that were made during the period. The second part also discusses the physical and social structures within which the Company was developed by examining the processes by which the ore was mined, treated, transported and sold, keeping in mind that the Company was itself an example of physical and social structures. The third part discusses social structures of the Company where attention is directed towards recruitment of staff, marketing of the product, financial management, employment relations and so on. The final part assesses the explanatory power of the theory in relation to the managerial decision making of directors and senior managers of the Company and attempts also to gauge the contribution of the thesis to contemporary theories of managerial decision making.

Specifically, the thesis is structured into the following chapters.

**Chapter one** critically reviews the literature of the dominant theory of decision making. Giddens' theory of structuration and Lloyd's structivist theory are both also reviewed. Finally a theory of decision making is outlined which specifically incorporates the issues of structure and agency.

**Chapter two** provides the necessary historical background to the formation and development of the Company, as well as providing a chronology of events in order that events in different chapters can be placed in the context of the overall development of the Company.

**Chapters three and four** discuss the technical elements associated with mining and smelting operations at Broken Hill.

**Chapter five** briefly examines the circumstances of the Company entering into the manufacturing of iron and steel, a development which was responsible for the continued growth and development of the Company in view of the limited life of the mine at Broken Hill.

**Chapters six and seven** discuss how the lack of public infrastructure impacted upon the operations of the Company. Those services which were of vital importance to the Company (water, transport, and communications) are considered and how these infrastructure features impacted upon the Company.

Once the silver and lead ore had been turned into a product suitable for sale, it was necessary for the Company to market these products. This is the theme of **Chapter eight** which locates the marketing efforts of the Company within the broader international economy.

The social and political structures within which directors and senior managers were embedded is covered in **Chapter nine**, while the relationships between directors, shareholders and senior managers are considered in **Chapter ten**.

As the thesis stresses the role of individuals within the Company and given the relative lack of experience of directors, the recruitment of senior managerial staff forms the basis for **Chapter eleven**.

**Chapter twelve** examines a number of issues relating to the way in which directors and senior managers managed their relationships with other employees and the different unions operating at Broken Hill and Port Pirie.

Finally, **Chapter thirteen** assesses the extent to which the theory of decision making which specifically incorporated structure and agency explains managerial decision making in the Company.

With the exception of Chapters one and thirteen the remaining chapters contain a great deal of what could be considered purely descriptive material. Certainly, this might appear to be the case but the material is more than just descriptive. The wealth of empirical material is necessary in order to provide some continuity in the flow of events around which managerial decision making was taking place. As will be discussed in Chapter one, deciding not to decide can be as important as deciding to decide. The material in each of the empirical chapters represents a narrative which provides both the context within which directors and senior managers were making choices and the actual choices they made. As already discussed in the Introduction, no judgement has been made, nor will be made, regarding the quality of any choices made or not made. Apart from the reasons already raised in the Introduction, it is too easy, with the benefit of hindsight, to make connections which may simply have not been apparent, at the time, to those making the decisions.

## **Chapter one - Decision making and social theory**

### **Introduction**

This chapter critically reviews the current state of decision making theory, demonstrating how ideas of structure and agency are implicitly embedded in such theories. When this has been done, two social theorists who have explicitly attempted to reconcile structure and agency will be discussed and a theory of structure and agency developed. Finally, a theory of decision making will be developed which explicitly incorporates a theory of structure and agency. This theory is then tested in the body of the thesis by an examination of managerial decision making in the Company.

### **Decision making theory - the dominant model**

Decision making theory in organisational studies is generally understood to have been first explicitly discussed by Chester Barnard.<sup>1</sup> Barnard raised a number of issues directly related to managerial decision making. For example, he examined different types of decisions in terms of personal decisions and organisational decisions; the occasions when decisions are necessary; and, perhaps more importantly, he raised the

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<sup>1</sup> Chia, R.(1994), The concept of decision: a deconstructive analysis, Journal of Management Studies, 31/6, p. 781; Butler, D. J., in Mintzberg, H., and Walters, J. A., (1990), Studying deciding: an exchange of views between Mintzberg and Waters, Pettigrew, and Butler, Organisation Studies, 11, p. 11.

importance of deciding not to decide<sup>2</sup> Barnard also noted that in organisations sequences of decisions were necessarily at different times and made by different executives and others, in different organisational positions, rather than as implied by much of the current literature of decision making theory where the decision making process is treated as a one-off process. Implicit in Barnard's argument is the idea that decision making is a constant process and every decision will require other decisions, often by those who were not involved in the original decision making process,<sup>3</sup> a point often overlooked in contemporary studies of decision making.<sup>4</sup>

While it may be possible to claim Barnard was one of the first explicitly to examine managerial decision making, it is possible to infer from some earlier works of others a concern with decision making processes. For example, one of the basic reasons that Max Weber had for developing his theory of bureaucracy was the necessity to ensure that decisions were made on a rational-legal basis (rather than on the basis of substantive rationality) thus ensuring that organisational outcomes were consistent and lodged in impartial principles.<sup>5</sup> Weber was aware of the way in which agency could intrude into a decision making process and by developing his idealised theory of bureaucracy sought to remove agency and privilege structure. By removing the

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<sup>2</sup> Barnard, C., (1938), The functions of the executive, Cambridge, Mass., pp. 185-194. It is important to note that this "deciding not to decide" is of a different order to that discussed by Bachrach, P., and Baratz, M., (1962), Two faces of power, American Political Science Review, 56, pp. 947-952. Bachrach and Baratz demonstrated how issues for decision were kept out of the decision making arena, and thus no decision is made.

<sup>3</sup> Barnard, C., (1938), The functions of the executive, Cambridge, Mass., p. 206. This point is taken up and discussed by Kriger, M. P., and Barnes, L. P., (1992), Organisational decision making as hierarchical levels of drama, Journal of Management Studies, 29/4, pp. 439-457.

<sup>4</sup> Generally these other decisions are taken in the implementation phase of the decision making process. On this point, see Miller, S., J., Hickson, D. J., and Wilson, D. C., (1996), Decision making in organisations, in Clegg, S. R., Hardy, C., and Nord, W. R., (eds), Handbook of organisation studies, London, pp. 293-312.

<sup>5</sup> Weber, M., (1978), Economy and society, Berkeley, Chapter XI.

agency aspect of decision making, behaviours became determined and hence predictable and reliable. One of the early management theorists, F. W. Taylor, sought to implicitly remove decision making from shop floor operatives and locate it with managerial staff. At the same time, Taylor also sought to develop “scientific” ways of making decisions in order that the arbitrary nature of decision making could be changed to a more systematic way of making decisions.<sup>6</sup> Generally these early discussions of decision making have been ignored and the work of Herbert Simon<sup>7</sup> usually forms the commencing point for contemporary theories of decision making.

Simon’s initial attempts to formulate a theory of decision making were based on concepts derived from neo classical economics, especially those elements revolving around ideas of utility and economic rationality.<sup>8</sup> As a result of this early theory, individuals were accorded the status of economic agents who were driven by notions of maximum utility and economic rationality. Agency had no real part to play in this early theory as economic imperatives determined behaviour. Subsequently, this theory was modified, not in terms of the neo classical economic assumptions, but rather by explicitly recognising the cognitive limits of humans. The theory was modified to include the concept of bounded rationality, based on the concept of the satisficing behaviour of individuals. That is, it was argued that it was simply physically impossible for humans to store and process all information which was necessary for decision making. This physical limit led to individuals satisficing; that is, individuals did not consider the consequences of all possible alternatives (assuming

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<sup>6</sup> Taylor, F. W. (1911), The principles of scientific management, New York.

<sup>7</sup> Simon, H. A., (1945), Administrative Behaviour, 2nd edition, New York..

<sup>8</sup> Cyert, R.M., Simon, R. M., and Trow, D.E., (1956/1995), Observations of a business decision, in Hickson, D. J., (ed), Managerial decision making, Aldershot, pp. 35-45.

of course individuals could know all possible alternatives, a somewhat dubious assumption). Instead, individuals only considered each alternative until an alternative which was thought to yield a satisfactory outcome was reached. One outcome of satisficing was that an optimum choice may not have been made as once a satisfactory choice had been made no further consideration was given to other possible alternative courses of action.<sup>9</sup> By introducing the concept of satisficing into decision making it would seem that an element of agency had also been introduced. Yet this may be illusory. For instance, the whole notion of satisficing is based on the physical and psychological limitations of agents. While there may be a degree of choice, the initial situation is driven by structural factors over which, it would seem, agents have no control. Agents have no alternative but to satisfice. Any choice that is made is not the result of agency but rather of structure, which, in this case, is the human body.

It is important to note that the essential model of decision making has not significantly altered since Simon's original formulation. Consistently, the decision making model has been characterised as revolving around five distinct stages. First, it is necessary to identify the problem or issue for decision; second, information has to be collected and sorted in terms of alternative solutions; third, each possible solution then has to be compared against predetermined criteria to assess the extent to which the alternatives meet the criteria; fourth, solutions are then arranged in order of preference and, fifth, a choice is made.<sup>10</sup> Of course, the decision then has to be implemented.<sup>11</sup> The model

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<sup>9</sup> Robbins, S.P., Waters-Marsh, T., Cacioppo, R., and Millett, B., (1994), Organisational behaviour: concepts, controversies and applications, Sydney, p. 182. This idea is still used in contemporary works on decision making. See, for example, Hogarth, R., (1987), Judgement and choice: the psychology of decision, 2nd edition, Chichester.

<sup>10</sup> Miller, S. J., Hickson, D. J., and Wilson, D. C., (1996), Decision making in organisations, in Clegg, S. R., Hardy, C., and Nord, W. R., (eds.), Handbook of organisation studies, London, p. 294.



outlined above is still generally used in contemporary decision making theory. What has been modified, however, is the processes involved in each of the various stages of decision making. For example, satisficing modifies the processes of decision, not necessarily the stages. Instead of considering all alternatives, only a limited number are examined prior to a decision being made.

One aspect of the decision making model outlined above and that has not received the attention it might, especially in organisational contexts, is the whole question of deciding to decide. That is, under what circumstances are choice processes initiated, even if ultimately, a choice is made to make no choice? This issue is not quite the same as Barnard's deciding not to decide. Barnard's point could be identified as one step removed from deciding to decide. Chia<sup>12</sup> discusses the deciding to decide issue and claims that decision making is concerned with making an insertion into the daily flow of events. That is, individuals are content to let events flow around them until an event that has possible negative or positive consequences has been perceived. It is this perception that then triggers consideration of the possibility of making an insertion into the flow of events which provides the basis for deciding to decide. Of course such action is not meant to imply any decision to make an insertion into the flow of events. The choice may be made not to make such an insertion.

This issue of deciding to decide is not really discussed in any detail in the model of decision making discussed above. Although in some ways the situation is analogous

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<sup>11</sup> Miller, S. J., Hickson, D. J., and Wilson, D. C., (1996), Decision making in organisations, in Clegg, S. R., Hardy, C., and Nord, W. R., Handbook of organisation studies, London.

<sup>12</sup> Chia, R., (1994), The concept of decision – a deconstructive analysis, Journal of Management Studies, 31/6, pp. 781-806.

to programmed decision making (see below) where an established set of routines takes care of the flow of events, until such time as there is the perception that a choice has to be made whether or not to move from programmed decision making to non-programmed decision making.

Decision making theory has also been modified to take account of different types of decisions. For example, Cyert, Simon, and Trow<sup>13</sup> differentiated between types of decisions, with one type being labelled programmed decisions. Programmed decisions are based on repetitive, well defined problems which come to assume a routine nature and the decisions that need to be made are relatively straightforward. It is these types of decisions that can be programmed into machines or covered by standard operating procedures as there is no real need for human discretion.<sup>14</sup> There is no room for agency in programmed decision making. An example of programmed decision making is the computerised selling of shares. When shares reach a certain price a computer program automatically triggers a sell order. This automatic selling program was apparently one of the factors that contributed to the share market crash on Wall Street in October, 1987. At a more mundane level automatic teller machines operate on a set of programmed instructions.<sup>15</sup>

Their second type of decision is non-programmed decisions. That is, decisions that are of a non repetitive type which often involve basic long-range questions about the

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<sup>13</sup> Cyert, R. M., Simon, H. A., and Trow D. B., (1956/1995), Observation of a business decision, in Hickson, D. J., (ed), Managerial decision making, Aldershot, p. 36.

<sup>14</sup> The term "programmed" was based upon computer terminology. See Cyert, R. M., Simon, H. A., and Trow, D. B., (1956/1995), Observation of a business decision, in Hickson, D. J., (ed), Managerial decision making, Aldersho .

whole strategy of the firm or some part of it. At first glance non-programmed decision making would seem to allow a degree of agency. On closer examination, this agency is either very limited or illusory. Such a situation is the result of the assumptions which underpin the majority of the literature on non programmed decision making. These assumptions privilege structure over agency in granting to the environment of the organisation a determinant effect. Agency has no part to play as the appropriate choices will be determined by the environment.<sup>16</sup> It is this type of decision making, concerned with strategic matters, which has been the focus for much of the research in managerial decision making area.<sup>17</sup> Wilson<sup>18</sup> defines strategic decisions as those “...which are considered important to the organisation, are novel to the organisation, and consequently incur a large degree of uncertainty for decision makers.” An example of a non-programmed decision is where decisions are made regarding the establishment of new markets, businesses and so on.<sup>19</sup> It should also be pointed out that Cyert et al.<sup>20</sup> claimed that each type of decision - that is programmed and non-programmed - are at opposite ends of a continuum and that one type of decision can shade into another. For example, when recruiting employees there is usually a set of standard operating procedures to be followed (which is typical of programmed decision making) yet at the same time the procedures permit a great deal

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<sup>15</sup> It is important to note that while technology may appear to decide, this is an illusion, as the various decision making criteria have been embedded in the technology by human operators.

<sup>16</sup> For a good discussion and refutation of these assumptions, see Child, J., (1972), Organisational structure, environment and performance: the role of strategic choice, *Sociology*, 6, pp. 1-22.

<sup>17</sup> Why this is the case is unclear. It may simply be that it is easier to research strategic decision making due to the (usually) relatively small number of individuals involved in such processes, or it may be that strategic decision making is considered more important.

<sup>18</sup> Wilson, D. C., (1982/1995), Electricity and resistance: a case study of innovation and politics, in Hickson, D. J., (ed), *Managerial decision making*, Aldershot, p. 109.

<sup>19</sup> Given the nature of the material being researched, the decision processes could be characterised as strategic on almost any of the criteria listed, as the Company had been newly formed, and, in a sense, every issue for decision was initially a novelty.

<sup>20</sup> Cyert, R. M., Simon, J. A., and Throw, D. B., (1956/1995), Observation of a business decision, in Hickson, D. J., (ed), *Managerial decision making*, Aldershot.

of human discretion and judgement, which is characteristic of non-programmed decisions. One could also argue that the use of standard operating procedures is also an attempt to limit (determine?) the behaviour of those who have responsibility for operationalising the standard operating procedures.<sup>21</sup>

### **The 'garbage can' model**

The only challenge to the dominant form of decision making theory has been that of the 'garbage can' model.<sup>22</sup> This model posited that decisions were not made in the orderly rational fashion as represented by much contemporary decision making theory, but rather the decision process consisted more of solutions seeking problems, and individuals entering and leaving the decision making processes at different stages of such processes. In this model structure seems to have no part to play (except perhaps in some peripheral way) and agency is privileged as decision making processes are presented in a way which cedes a great deal of choice to agents as to what part they will play, if any, in the decision making process. This 'garbage can' model of decision making has not had the same impact on managerial decision making theory as has the rational model first outlined by Simon.

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<sup>21</sup> For a more contemporary discussion of different types of decisions, see Hickson, D. J., Butler, R.J., Cray, D., Mallory, G. R., and Wilson, D. C., (1986). Top decisions: strategic decision making in organisations, San Francisco.

<sup>22</sup> Cohen, M.D., March, J.G., and Olsen, J.F., (1972), A garbage can model of organisational choice, Administrative Science Quarterly, 17, pp. 1-25.

## Decision making situations

Again, it is worth noting the actual stages involved in decision making have not varied in much contemporary managerial decision making theory, rather the way in which decisions are made, and those factors which impact upon decision making have changed. This consistency can be ascribed to the basic nature of decision making. While there are a number of ways to define or characterise decision making,<sup>23</sup> at the most basic level decision making involves making choices either to do something or not to do something. The bulk of the decision making literature examines the way (or ways) that such choices are made. Of course, decision making is much more than simply making or not making choices. Certainly, choices are or are not made; it is the circumstances under which such choices (or decisions) are made that are important. There is generally little, if any, explicit discussion of the role of structure and agency.

It is also important to differentiate between basic types of decisions, along similar lines to programmed and non-programmed decisions, but from a much broader perspective than simply an organisational one in order to gain a better appreciation of the complexity of both decisions and the concomitant processes associated with decision making. At the same time the relationship between structure and agency can be highlighted. For example, Pink<sup>24</sup> has argued that decisions “...are actions by which we apply our deliberations.” Such a definition certainly appears to favour agency over determinism by explicitly ceding to individuals the capacity of make a choice in the

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<sup>23</sup> See Mintzberg and Waters, Pettigrew, and Butler, (1990), Studying deciding: an exchange of views, *Organisation Studies*, 11, pp. 1-16.

<sup>24</sup> Pink, T., (1996), *The psychology of freedom*, Cambridge, p. 31.

first place. At first glance, structure appears to have no part to play. But structure is implied, as all actions take place in structured contexts. By characterising decisions in such a way, purely reflex actions (such as blinking when something is in our eye) are excluded from the decision process on the grounds that there is not necessarily any choice (or deliberation, to use Pink's term) and, hence, no decision to be made. In other words, choice is determined with little, if any, scope for deliberation. The choice is automatic, except perhaps under exceptional circumstances. While it may be tempting to equate reflex actions to programmed decisions (which is what programmed decisions seek to achieve), the temptation is to be avoided, as it is extremely unlikely all agency can be eliminated from the choice process even if the failure to choose, or not to choose, can have fatal consequences.

A second type of decision making could be equated with programmed decisions. Structure and agency are still present but agency has been subsumed on a temporary basis. That is, over time various behaviours are learned and become almost automatic. For example, everyday practices become learned routines, carried out on an almost subconscious level. Walking down a street full of pedestrians and cars will involve many decisions but they are taken at a subconscious level as a result of learned behaviour - such as avoiding bumping into other pedestrians, walking into the path of cars, and so on. One factor which shapes such behaviour is the possible consequences of not following everyday routines. Much of the routine nature of our everyday behaviour has become in a sense programmed. We need not deliberate about choices in the ordinary course of events, we just "do" life.

It should be stressed that while we routinely take care of routine, this does not mean we are robotic as agency still exists. We can, if we so wish, override our learned behaviour even though this may prove difficult. We can choose (decide) to act in ways which run counter to our routine - for example deliberately bumping into people, ignoring traffic and so on. Just because we act in routine ways does not mean we are not capable of deciding to act in other than routine ways. It is this potential to act in other than routine ways which creates difficulties for the use of programmed decisions in organisational contexts.

A third type of decision making, or choice situation, can be equated with non-programmed strategic decision making. This is when we are faced with situations which do not fit our everyday experience in that we do not have a learned routine by which to cope. Alternatively, a situation may arise in which a learned routine, for a number of reasons, is not longer effective. The interplay between structure and agency is more visible in these types of decisions. As there is no routine response available (or the routine response has not “worked”) choices have to be made. It is the factors responsible for such choice which will reveal the extent to which structure and agency has a part to play. The theory that dominates strategic decision making adopts a deterministic perspective, leaving no real room for choice. Donaldson<sup>25</sup> argues, for example, that “[c]hoice and determinism are compatible in that the choices made by the human actors are shaped and pre-determined by the situational imperatives.” Agents can choose, but their choices are not “...free.” The environment of the organisation will determine what choices should be made, it is up to the managers to

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<sup>25</sup> Donaldson, L., (1997), A positivist alternative to the structure-action approach, Organisation Studies, 18/1, p. 80

then give effects to the choices which have been determined by the environment.<sup>26</sup>

An alternate view to environmental determinism can be found in Gimpl and Dakin.<sup>27</sup>

Gimpl and Dakin argue individuals impose order and certainty on the world through the use of symbols, rituals, and myths. Such a perspective privileges agency, as agents use a variety of artefacts to impose a structure on everyday existence. Structure does not seem to exist independently of agents. Instead, structure is something agents invent in order to bring certainty into their lives.

Finally, caution needs to be exercised in the use of labels to categorise types of decisions. As is discussed above to label choice situations as non-programmed or strategic is to overlook the way in which the mundane acts of agents can assume importance. For example, in an organisational context, programmed decisions can, as a result of various factors, quickly become non-programmed.<sup>28</sup> As Perrow<sup>29</sup> demonstrated in relation to the Three Mile Island nuclear accident, a series of programmed responses became, very quickly, a non-programmed decision set, not necessarily due to operator error, but rather due to a set of circumstances system designers had not envisaged and hence not anticipated. It should also be noted that non-programmed decisions can also become programmed ones, especially with the increasingly sophisticated nature of technology where decision 'rules' are embedded into the technology and hence minimises the opportunity for agency.

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<sup>26</sup> For a good discussion and criticism of this approach, see Child, J., (1972), Organisation structure, environment and performance: the role of strategic choice, *Sociology*, 6/1, pp. 1-22.

<sup>27</sup> Gimpl, M. L., and Dakin, S.R., (1984), Management and magic, *California Management Review*, 27/1, pp. 125-136.

<sup>28</sup> Barnes, L. B., and Kriger, M. P., (1992), Organisation decision making as hierarchical levels of drama, *Journal of Management Studies*, 29/4, p. 453.

<sup>29</sup> Perrow, C., (1984), *Normal accidents: living with high risk technologies*, New York.



## The sociological/psychological dichotomy

The processes of decision making have been generally addressed from a number of different perspectives, which is then reflected in the emphasis given to such processes. Broadly speaking, decision making processes in organisations have been studied either from a sociological perspective or a psychological perspective. The adoption of either perspective results in the emphasis being given to either the way or ways in which external factors shape individual participation in decision making processes, or the way or ways in which internal processes impact upon the decision making process. For example, Schoemaker<sup>30</sup> identified four “models or lenses” used in examining strategic decisions in organisations. Specifically, these are the unitary rational (based on the work of Simon and March), the organisational, the political (Pettigrew, and Cyert and March) and the contextual (writers using an institutional basis). Although Schoemaker has labelled these approaches as models or lenses it would be more appropriate to consider these as differing perspectives used to interpret the decision making process, rather than different models of decision making. Mintzberg<sup>31</sup> made a similar point when he argued that most research into strategic decision making can be classified as being carried out by three professional groupings. These groupings consist of cognitive psychologists, social psychologists or group decision making, and management theorists and political scientists on organisational decision making in the field. According to Gioia and Pitre<sup>32</sup> the “...modern study of organisations has been

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<sup>30</sup> Schoemaker, P. J. H., (1993), Strategic decisions in organisations: rational and behavioural views, *Journal of Management Studies*, 30/1, p. 107.

<sup>31</sup> Mintzberg, H., Raisinghani, D., and Theoret, A., (1976/1995), The structure of unstructured decision processes, in Hickson, D. J., (ed), *Managerial decision making*, Aldershot, pp. 47-48.

<sup>32</sup> Gioia D. A., and Pitre, E., (1990), Multiparadigm perspectives on theory building, *Academy of Management Review*, 15/4, p. 586.

driven by the social science variation of natural science models.” Chia<sup>33</sup> makes a similar point when he argues that organisational theory (which would include decision making) has been dominated by structural approaches which rely on functional assumptions linked with positivist methodologies. This paradigmatic approach is reflected in the dominant literature on decision making.

Unfortunately, this artificial divide, when combined with a narrow theoretical and methodological approach (structural functionalism) has resulted in a less than complete understanding of the decision making process that a combined sociological and psychological approach would reveal.<sup>34</sup>

## **Other problems with current theories**

The above are not the only major flaws in current theories of decision making. One key undertheorised factor in managerial decision making is a lack of any explicit consideration of the factors which impact upon individuals and how these factors can shape the overall decision making process.<sup>35</sup> There is currently in decision making theory an assumption that all individuals in organisational contexts are identical and

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<sup>33</sup> Chia, R., (1996), The problem of reflexivity in organisational research: towards a postmodern science of organisation, *Organisation*, 1/1, p. 55.

<sup>34</sup> For a good example of a combined approach see Roper, M., and Tosh, J., (eds)(1991), *Manful assertions: masculinities in Britain since 1800*, London; Le Roy Ladurie, E., (1979), *Carnival in Romans: a people's uprising 1579-1580*, Harmondsworth. Lloyd, C., (1993), *Structures of history*, Oxford, p. 27 makes a similar claim in relation to the writing of history, while Chia, R., (1996), The problem of reflexivity in organisational research: towards a postmodern science of organisations, *Organisation*, 3/1, pp. 50-51 criticises organisation studies for also being too theoretically narrow.

<sup>35</sup> For an account of how demographic factors can impact upon individuals in organisations, see Wiersema, M. F., and Bantel, K. A., (1992), Top management team demography and corporate strategic change, *Academy of Management Journal*, 35/1, pp. 91-121.

as such individuals are interchangeable.<sup>36</sup> Hence, in any given organisational situation, all individuals would act in identical ways, therefore it is not necessary to take account of the differing social contexts within which individuals are embedded. Although, as Whittington<sup>37</sup> has pointed out, those working from institutional theory<sup>38</sup> have “...uncovered a wide variety of social influences on management - such as political, national, domestic and professional...[which] have added an extra explanatory dimension to managerial action.” Needless to say, these social influences have not yet been incorporated into a theory of decision making.

Another element not yet explicitly accounted for in decision making theory is the impact history can have on decision making processes.<sup>39</sup> As Tsoukas<sup>40</sup> points out “[t]he quality of an event has a *spread*, an interpenetration of past and future. An event is never what is immediately available but also includes its contiguous past and present.” In the majority of cases Tsoukas is correct but there are also occasions when this is not the case. For example, in relation to decision making, programmed decisions would certainly reveal these qualities. Non-programmed decision by definition would not. This does not invalidate the point Tsoukas is making but it

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<sup>36</sup> Ahrne, G., (1990), Agency and organisation: towards a theory of organisation, London, p. 93. Ahrne actually uses the term “substitutable” - but I think “interchangeable” also captures his meaning.

<sup>37</sup> Whittington, R., (1992), Putting Giddens into action: social systems and managerial agency, Journal of Management Studies, 29/6, p. 694.

<sup>38</sup> For a discussion of institutionalist theory see Powell, W. W., and DiMaggio, P. J., (eds)(1991), The new institutionalism in organisational analysis, Chicago.

<sup>39</sup> Hickson, D. J., Butler, R. J., Cray, D., Millory, G. R., and Wilson, D. C., (1986), Top decisions: strategic decision making in organisations, San Francisco, demonstrated in their research the impact historical circumstances have on decision making but did not explicitly incorporate this factor into their overall analysis of the decision making processes studied.

<sup>40</sup> Tsoukas, H., (1994), Refining common sense: types of knowledge in management studies, Journal of Management Studies, 31/6, p. 767.

needs to be modified to include a conception not only of events but also of people as having a past and a present<sup>41</sup> and, potentially, a future.

This also raises an additional element in the decision making process - that of time itself and the spatial location of individuals within time. Implicitly, this time element is recognised when decision making and uncertainty are linked.<sup>42</sup> This linkage is due to decision making being concerned with the social construction of the future. A number of authors<sup>43</sup> have pointed out how a central feature of decision making is predicting the future. We can never really know what the future will be, there will always be degrees of uncertainty<sup>44</sup> (or probabilities). Consequently, it is up to the individual or individuals to decide what the future may hold and the degree of uncertainty that is involved in any choice situation. In other words, individuals have to construct the future, using a variety of means. Not only is it necessary to make predictions about what the future may hold, but it is also necessary to assess the possible consequences of decisions taken in the present about the future. While much of this may be implied in contemporary decision making theory and is a feature of research into the decision making process, it is not made explicit.<sup>45</sup> March<sup>46</sup> also raises an additional element regarding future consequences of current choices when he points out that not only is there ignorance concerning future consequences of choices taken in the present, but that there is also an "...ignorance about the knowledge possessed by others and their probable actions." Even though decision making theory

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<sup>41</sup> Jacques, E., (1982), The form of time, New York, p. 70.

<sup>42</sup> See Beach, L. R., (1990), Image theory: decision making in personal and organisational contexts, Chichester, p. 38; Pink, T., (1996), The psychology of freedom, Cambridge, pp. 6-7.

<sup>43</sup> Beach, L. R., (1990), Image theory: decision making in personal and organisational contexts, Chichester, p. 38; Jacques, E., (1982), The form of time, New York, p. 71.

<sup>44</sup> Jacques, E., (1982), The form of time, New York.

does attempt to anticipate such impacts, the very nature of not knowing the future consequences also limits the degree to which managerial decision makers can anticipate potential consequences and make allowances in current choices.<sup>47</sup>

Another omission from contemporary managerial decision making theory is any real sense of how the natural and built environments can impact upon those involved in the decision making process. For example, Pred<sup>48</sup> demonstrates how the routine practices of everyday life can be shaped by both the built (that is human constructions) and the natural environment. Pettigrew<sup>49</sup> also uses spatial concepts in his history of ICI to illustrate how spatially separated individuals were impacted upon and were able to influence decisions made at corporate headquarters. A similar theme can be found in the writings of social geographers.<sup>50</sup>

Ethical issues are also generally overlooked in the dominant theories of managerial decision making. As a result of the assumptions underpinning such approaches, and the role of the environment determining choices, the moral accountability of managers is reduced, "...because to have chosen another option contrary to that required by the situation would have damaged the soundness and effectiveness of their organisation."<sup>51</sup> As Reed<sup>52</sup> has noted, and Donaldson confirms, a positivist approach

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<sup>45</sup> See Hickson et al, (1986), Top decisions: strategic decision making in organisations, San Francisco.

<sup>46</sup> March, J. G., (1988), Decisions and organisations, Oxford.

<sup>47</sup> For an interesting discussion concerning this issue (although in a different context) see Giddens, A., (1987), The perils of punditry: Gorz and the end of the working class, Cambridge, pp. 275-296.

<sup>48</sup> Pred, A., (1990), Making histories and constructing human geographies: the local transformation of practice, power relations, and consciousness, Boulder.

<sup>49</sup> Pettigrew, A., (1985), The awakening giant: continuity and change in ICI, Oxford.

<sup>50</sup> For example, Massey, D., and Allen, J., (eds)(1984), Geography matters: a reader, Cambridge; Gregory, D., and Urry, J., (eds)(1985), Social relations and spatial structures, London.

<sup>51</sup> Donaldson, L., (1997), A positivist alternative to the structure-action approach, Organisation Studies, 18/1, p. 81.

to organisations has “...successfully excluded all emotional, moral and ideological ‘distortions’ from the decision making process. As Baumann<sup>53</sup> notes “[r]esponsibility for choice is still a lonely matter - it rests fairly and squarely on the individual’s shoulders, as do the consequences of choosing evil over good.”

Overall, managerial decision making theory that currently dominates organisational studies is undertheorised and narrowly conceived, with many important aspects of the decision making process either assumed to be non problematic or simply overlooked.

Instead of the issues raised in the above section, more attention has been given to the processes involved (for example, the role of politics and power; decision making as incrementalism)<sup>54</sup> in decision making; and how decision making can be explained using these perspectives. This has been especially the case as the limitations of economic rationalist assumptions became apparent, just as the rational-legal assumptions underpinning Weber’s theory of bureaucracy have also been recognised.<sup>55</sup> However, explicit consideration of structure and agency and the decision making process has been overlooked.

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<sup>52</sup> Reed, M., (1992), The sociology of organisations: themes, perspectives and prospects, New York, p. 41.

<sup>53</sup> Baumann, Z., (1995), Life in fragments: essays in post modern morality, Oxford, p. 3.

<sup>54</sup> See, for example, Allison, G.T., (1971), The essence of decision: explaining the Cuban missile crisis, Boston; Bacharach, S.B., and Baratz, M. (1962), Two faces of power, American Political Science Review, 56, pp. 947-952; Lindblom, C.E., (1959), The science of muddling through, in Pugh, D.S., (ed.), Organisation theory, Harmondsworth, pp. 238-255.

<sup>55</sup> Reed, M., (1992), Sociology of organisations: themes, perspectives and prospects, New York, pp. 222-226.

## Structure, agency and managerial decision making

As pointed out previously a central element in decision making which has not explicitly received the kind of attention that it should have (except in a fairly limited way) is the role of structure and agency in the decision making process.<sup>56</sup> According to Willmott, the major traditions of organisational analyses have either disregarded or taken for granted issues relating to human agency.<sup>57</sup> As a result of this, within two major theories of organisations (contingency theory and population ecology theory), “...managers have no discretion and so decision making processes can be left safely in the ‘black box’”.<sup>58</sup> For example, Donaldson<sup>59</sup> argues:

The human decision processes are thus largely determined as to their outcome by the environment, the contingencies and other factors, including perhaps existing structure. Thus the human processes of perception, intention and so on which social action theory would make central to organisation theory are in fact revealed to be mainly epiphenomena of the larger variables of environment, contingency and structure.

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<sup>56</sup> It is important to appreciate that decision making (of both a programmed and non-programmed nature) is a social process, not just a technical process as it is often presented.

<sup>57</sup> Willmott, H., (1994), Bringing agency (back) into organisational analysis: responding to the crisis of (post) modernity, in Hassard, J., and Parker, M. (eds), Towards a new theory of organisations, London, p. 87.

<sup>58</sup> Whittington, R., (1994), Sociological pluralism, institutions and managerial agency in Hassard, J., and Parker, M., (eds), Towards a new theory of organisations, London, p. 55.

<sup>59</sup> Donaldson, L., (1994), The liberal revolution and organisation theory, in Hassard, J., and Parker, M., (eds), Towards a new theory of organisations, London, p. 194

According to Donaldson, agency exists, but, due to other factors, is not of significance in organisation processes.

An alternative view of agency is outlined by Whittington,<sup>60</sup> where he argues that those decision making theorists (such as Simon) who would seek to “rescue” the individual in organisations, fail to account for the context within which processes take place. In relation to decision making, Whittington argues that these theorists have managers as “...too stupid and too lazy...” to make genuine choices.

Thus, on the one hand social factors external to the organisation determine choices of actors, while on the other these external factors are ignored and individual managers are treated in a one dimensional way

While issues of the relationship between structure and agency, and macro/micro levels of society, have been actively pursued in other disciplines, this debate has not until recently been pursued at any depth in organisation studies and even this has been at a very general level. Willmott points out that “[i]n the major traditions of organisational analyses, the open, reflexive and purposive quality of human agency is either taken for granted or disregarded.”<sup>61</sup> In relation to decision making, Whittington<sup>62</sup> argues that under contingency theory and population ecology theory decision making processes can safely be left in the “black box” as decision makers

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<sup>60</sup> Whittington, R., (1994), Sociological pluralism, institutions and managerial agency, in Hassard, J., and Parker, M., (eds), Towards a new theory of organisations, London, p. 57.

<sup>61</sup> See, for example, Reed, M., (1996) Organisational theorising: a historically contested domain, in Clegg, S. R., Hardy, C., and Nord, W. R., (eds), Handbook of organisations, London, pp. 31-56., Willmott, H., (1994), Bringing agency (back) into organisational analysis, in Hassard, J., and Parker, M., (eds), Towards a new theory of organisations, London, pp. 87-130.



have no discretion - which of course is the point Donaldson makes. Obviously, any discussion concerning decision making processes would need to explicate the role of structure and agency as the way in which these factors are treated will impact significantly upon any theorising about the role of individuals in the overall process. For example, if Donaldson's view of structure and agency is followed, then individuals will have, at best, very limited choices available to them as the environment will determine the structure most appropriate to the organisation and hence structure will determine behaviour. Conversely, if a social constructionist view is followed then agents are not constrained in the choices they make and structure has no significant part to play in matters of choice.

Early theories of decision making included a number of assumptions which later theorising has demonstrated to be extremely limited. For example, early theories paid little attention to such issues of how a 'problem' in an organisation was selected for decision; whether or not a problem actually made it into a decision making arena; the extent to which the original problem might be redefined; to what extent the decision was actually implemented; how rational were the individuals involved in the decision making process; how individuals might be limited in terms of information processing capacities, and so on. As has already been pointed out, many of these criticisms have since been addressed.

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<sup>62</sup> Whittington, R., (1994), Sociological pluralism, institutions and managerial agency, in Hassard, J., and Parker, M., (ed), Towards a new theory of organisation, London, p. 55.

Structure, agency and management decision making have yet to be addressed.<sup>63</sup>

While issues of the relationship between structure and agency, and macro/micro levels of society have been actively pursued in other disciplines, this debate has only recently been pursued, except for a number of limited examples, at any depth in organisation studies and even this has been at a very general level.<sup>64</sup>

Precisely why this should be the case is unclear, although when one examines the 'history' of organisation studies (and especially management) the early writers on management were engineers and management was approached as any other engineering problem - that is, it was simply a matter of discovering what the appropriate laws were and then applying those laws.<sup>65</sup> This very mechanical or technicist approach to organisation studies still dominates.<sup>66</sup>

This is not to claim that there has not been discussions within organisation studies literature regarding the role of structure and agency. One of the most influential works in this sense has been that of Burrell and Morgan.<sup>67</sup> In their work they divided various theoretical approaches to organisation studies into four distinct quadrants based on ontological, epistemological and methodological assumptions which

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<sup>63</sup> It is important to appreciate that decision making is a social process, not just a technical process as it is often presented.

<sup>64</sup> Whittington, R., (1992), Putting Giddens' into action: social theory and managerial agency, Journal of Management Studies, 29/6, pp. 693-712; Willmott, H., (1994), Bringing agency (back) into organisational analysis: responding to the crisis of (post) modernity, in Hassard, J., and Parker, M., (eds), Towards a new theory of organisation. London, pp. 87-130; Ranson, S., Hinings, B., and Greenwood, R., (1980), The structuring of organisational structures, Administrative Science Quarterly, 25, pp. 1-17.

<sup>65</sup> Pfeffer, J., (1997), New directions for organisation theory, New York, pp. 9-11.

<sup>66</sup> See, for example, the writings of Lex Donaldson. For a general discussion of this issue, see Reed, M., (1996), Rediscovering Hegel: the 'new historicism' in organisation and management studies, Journal of Management Studies, 33/2, pp. 139-158.

<sup>67</sup> Burrell, G., and Morgan, G., (1979), Sociological paradigms and organisational analysis, London.

underpinned the different theories of organisation. Burrell and Morgan argued that the different paradigms were incommensurable, an argument which has since been disputed by Hassard.<sup>68</sup> Astley and Van de Ven, Benson, and Reed<sup>69</sup> have also drawn attention to the various paradigms and underlying assumptions that have been used in organisation studies. However, with the exception of Reed, various schema used to differentiate organisation studies have privileged either structure or agency. That is, depending upon the way in which structure is conceived, human actors are treated either as objects or subjects. For instance, the works by Donaldson treat human actors as objects whose behaviours are determined by organisational structures. Organisational structures are, in turn, determined by contingencies in the environment. So determinate is Donaldson's approach that even moral or ethical issues turn out to be non-problematic.<sup>70</sup>

An alternative paradigmatic approach in organisation studies argues that human agency should be given priority over structure.<sup>71</sup>

While it may appear from the foregoing that organisation studies suffers from polarisation with either structure or agency representing the dominant variable, all

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<sup>68</sup> Hassard, J., (1991), Multiple paradigms and organisational analysis: a case study, Organisation Studies, 12/2, pp. 275 -299.

<sup>69</sup> Astley W. G., and Van de Ven, A. H., Central perspectives and debates in organisation theory, Administrative Science Quarterly, 28, pp. 245-273., Benson, J. K., (1977), Organisations: a dialectical view, Administrative Science Quarterly, 22, pp. 1-21., Reed, M. (1996), Organisational theorising: a historically contested terrain, in Clegg, S. R., Hardy, C., and Nord, W. R., (eds), Handbook of organisation studies, Sage, London, pp. 31-56..

<sup>70</sup> Donaldson, L., (1997), A positivist alternative to the structure-action approach, Organisation Studies, 18/1, pp 81-82. For a good summary of the theoretical studies utilising structure as the key variable, see Donaldson, L., (1996), The normal science of structural contingency theory, in Clegg, S. R., Hardy, C., and Nord, W. R., (eds), Handbook of organisation studies, Sage, London, pp. 57-76.

<sup>71</sup> Reed, M.I., (1988), The problem of human agency in organisational analysis, Organisational Studies, 9/1, pp. 33-46, has a useful summary of developments in this area.

except the most extreme accounts recognise that the issue of structure and agency is not as clearly delineated as theorists might wish. Even Donaldson, perhaps the most vocal defender of the role of structure in determining action, cedes to human actors some degree of choice - even if such choice is often wrong.

There is, however, one social theorist who has in recent years attempted to reconcile the opposing view in regard to structure and agency and has received some, albeit limited, attention from organisation theorists.

## **Giddens' theory of structuration**

Giddens sets out to develop a theory which attempts to reconcile the structure and agency debate.<sup>72</sup> According to Whittington<sup>73</sup> structuration theory has "...considerable potential to understanding managerial agency." Reed<sup>74</sup> has also argued that Giddens' theory has been the most influential in providing a general theory of action that can "...integrate a concern with structural constraint and human agency within one conceptual framework." This view has been challenged by a number of authors. For example, Gregson<sup>75</sup> claimed that Giddens' theory was too "...remote from the practicalities of empirical research" and those studies that had attempted to use

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<sup>72</sup> Giddens, A., (1979), Central problems in social theory: action, structure and contradiction in social analysis, London.

<sup>73</sup> Whittington, R., (1994), Sociological pluralism, institutions and managerial agency, in Hassard, J., and Parker, M., (eds), Towards a new theory of organisations, London, p. 63.

<sup>74</sup> Reed, M., (1992), The sociology of organisation: themes, perspectives and prospects. New York, p. 187.

<sup>75</sup> Gregson (1989), cited in Whittington, R., (1994), Sociological pluralism, institutions and managerial agency, in Hassard, J., and Parker, M., (eds), Towards a new theory of organisations, London, p. 64.

Giddens' theory have been either narrow or monolithic. Donaldson<sup>76</sup> makes a similar point when referring to an empirical study<sup>77</sup> that explicitly used Giddens' theory as an organising framework. Riley<sup>78</sup> has also explicitly used structuration theory, but in a very narrow way, in order to examine the political culture of an organisation.

Notwithstanding criticisms that have been made of the use of structuration theory, it is intended that structuration theory be used as a starting point in explaining managerial decision making. To do this it is first necessary to discuss in some detail Giddens' theory of structuration and consider a number of criticisms directed specifically at his theory. In the light of such criticisms it may be necessary to modify structuration theory prior to it being demonstrated that it can be used in reconciling structure, agency and decision making. At the same time it may become possible to overcome the various limitations previously identified with much contemporary managerial decision making theory.

In arriving at an understanding of Giddens' theory of structuration reliance has been placed on two of his key texts.<sup>79</sup> This reliance is not arbitrary but, rather, based on Giddens' own assessment of his numerous writings.<sup>80</sup>

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<sup>76</sup> Donaldson, L., (1997), A positivist alternative to the structure-action approach, *Organisation Studies*, 3/1, p. 55.

<sup>77</sup> Pettigrew, A., (1985), *The awakening giant: change and continuity at ICI*, Oxford.

<sup>78</sup> Riley, P., (1983), A structurationist account of political culture *Administrative Science Quarterly*, 28, pp. 414 - 437.

<sup>79</sup> Giddens, A., (1979), *Central problems in social theory: action, structure and contradiction in social analysis*, London (hereafter *CPST*), and Giddens, A., (1984), *The constitution of society: outline of the theory of structuration*, Cambridge (hereafter *CoS*).

<sup>80</sup> Giddens, A., (1991), Structuration theory: past, present and future, in Byrant, C. G. A., and Jary, D., (eds), *Giddens' theory of structuration: a critical appreciation*, London, pp. 202-221.

As already pointed out, Giddens' attempts to reconcile the dualism between structure and agency and to characterise it as a duality in which neither structure nor agency is privileged. In constructing his theory, Giddens argues<sup>81</sup> that "[e]very social actor knows a great deal about the conditions of reproduction of the society of which he or she is a member." Social actors are not cultural dopes or omnipotent beings, but they are knowledgeable, even if this knowledge may be limited.

Having argued that social actors are knowledgeable about their own circumstances in society, Giddens then grants to them a sense of agency, expressed in the following terms:<sup>82</sup>

Agency refers not to the intentions people have in doing things but their capability of doing those things in the first place... Agency concerns events of which an individual is the perpetrator, in the sense that the individual could, at any phase, have acted differently.

Whatever happened would not have happened if that individual had not intervened.

Giddens<sup>83</sup> later clarifies this idea of agency by defining intentionality as "...characterising an act which the perpetrator knows, or believes, will have a particular quality or outcome and where such knowledge is utilised by the author of the act to achieve this quality of outcome." Giddens' cedes to individuals the capacity to make a difference, that agents are not simply caught up in events over which they

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<sup>81</sup> CPST, p. 5.

<sup>82</sup> CoS, p. 9.

can exercise no control. Individuals have the capability to effect outcomes, not merely react to events. This capability will vary between and among social actors, based on, among other factors, the power individuals possess, either as individuals or as members of an institution, for example, a private sector organisation, union, or part of the apparatus of the State.

Giddens<sup>84</sup> also recognised the centrality of routine to everyday social activity and its importance in reducing the number of occasions choices have to be made. If it was not for routines of life every day, it is likely agents would suffer permanent psychosis in attempting to constantly make choices. The routine of everyday life operates at an almost subconscious level making day to day social activity easier to cope with while full attention can be given to other than routine matters. Giddens does not, however, view social actors as some kind of abstract idea. Social actors have a physical dimension, their bodies, which does have various constraints, which impact upon the “...media of mobility and communication.”<sup>85</sup> Social actors are constrained by what their bodies are physically capable of, not only in terms of physical acts, but also in terms of how the social actor can communicate and the degree of mobility a social actor can possess.<sup>86</sup> While social actors may be free to choose, it is important to realise freedom to choose does not mean freedom to act.<sup>87</sup> It is also important to appreciate that the knowledge possessed by the social actor need not necessarily be

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<sup>83</sup> CoS, p. 10.

<sup>84</sup> CoS, p. XXIII.

<sup>85</sup> CoS, p. 175.

<sup>86</sup> While the idea has important implications, at one level the development of different types of communication media can mean that such constraints are not as constrictive as they once were.

<sup>87</sup> Lloyd, C., (1993), Structures of history, Oxford, p. 96.

“true” in any objective sense. Or, as Cohen<sup>88</sup> maintains, Giddens’ theory also allows for “...faulty knowledge”.

According to Giddens<sup>89</sup> the processes of interaction between individuals and their mutual knowledge is mediated by interpretative schemes “...whereby an accountable universe is sustained through and in the course of interaction.” It is in the course of interaction that structure becomes important, where it is a “...property of social systems ‘carried’ in reproduced practices embedded in time and space.”<sup>90</sup> Social systems do not have purposes, reasons, or needs, only human individuals.<sup>91</sup> Social systems are, however, important as structure is a property of social systems.<sup>92</sup> Structure is therefore embedded in social systems and at the same time mediates actions between knowledgeable social actors. Giddens defines structure as the “...rules and resources that, in social reproduction, ‘bind’ time.”<sup>93</sup> He then elaborates this definition to argue that “[a]s I employ it, ‘structure’ refers to ‘structural property’ or, more exactly, to ‘structuring property’, [as] providing the ‘binding’ of time and space in social systems.”<sup>94</sup> It is structure which provides coherence to the actions of social actors with social systems at definite points of space and time. Giddens is, however, careful not to privilege structure over action or vice versa pointing out that “...the notions of action and structure *presuppose one another*...” but it needs to be recognised that this dependence is a dialectical relation.<sup>95</sup> Giddens is able to maintain

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<sup>88</sup> Cohen, I. J., (1989), Structuration theory: Anthony Giddens and the constitution of social life, Basingstoke, p. 134.

<sup>89</sup> CPST, p. 83.

<sup>90</sup> CoS, p. 170.

<sup>91</sup> CPST, 1979, p. 7.

<sup>92</sup> CoS, p. 170.

<sup>93</sup> CPST, p. 63.

<sup>94</sup> CPST, p. 64.

<sup>95</sup> CPST, p. 53.



this position as a key feature of his theory of structuration as structure is enacted (instantiated) at the moment of action.<sup>96</sup>

In this sense, structure does not, in fact cannot, exist independently of individual interaction. Giddens<sup>97</sup> also recognises that individuals do not act in vacuums, that all “...action occurs in contexts that, for any given single actor, include many elements which the actor neither helped to bring into being nor has any significant control over.” Social actors are a part of already existing sets of social arrangements. For example, rules which form part of the structural property of social systems “...can only be grasped in the context of the historical development of social totalities, as recursively implicated in practices.”<sup>98</sup> Giddens then develops this idea of context and historical circumstances by noting that “...social theory *must acknowledge time-space intersections* as essentially involved in all social existence.”<sup>99</sup> Social theory has to take account of “...not only the temporality of social conduct but also its spatial attributes.”<sup>100</sup> Social systems, which comprise of both social agents and structures extend both through space and time.<sup>101</sup>

Giddens<sup>102</sup> argues that, for example, the social transition involved in leaving home to go to work is also a movement through space. Social interaction can thus be understood as a “coupling” of paths in social encounters. Such encounters take place

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<sup>96</sup> CPST, pp. 39-40.

<sup>97</sup> CoS, p. 346.

<sup>98</sup> CPST, p. 65.

<sup>99</sup> CPST, p. 54.

<sup>100</sup> CPST, p. 202.

<sup>101</sup> CPST, pp. 203-204.

<sup>102</sup> CPST, p.205.

in locales.<sup>103</sup> For Giddens, locales refers “...to the use of space to provide the *settings* of interaction, the settings in turn being essential to specifying its *contextuality*.”

In summary, Giddens attempts to resolve the problems of structure and agency by privileging neither one over the other. Instead social actors instantiate structure at the moment of social interaction. Social actors are free to choose, given certain physical constraints, and are a part of social systems. Social actors are also a product of, and contribute to, the ongoing development of social systems. At the same time social interaction has a spatial, temporal, and historical dimension.

While the theory of structuration has had some impact on organisation studies<sup>104</sup> it has not been without its critics.<sup>105</sup> There are a number of specific criticisms which need to be noted.

## **Criticisms of structuration**

The first major criticism that can be made of the theory of structuration is the way in which structure is theorised. For example, Sewell<sup>106</sup> argues that a major problem with Giddens’ theory of structuration is his failure to adequately specify structure, claiming “...it remains frustratingly underspecified.” Part of the problem Sewell has identified with Giddens’ definition of structure is Giddens’ claim that structure is virtual, it has

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<sup>103</sup> CoS, p. 118.

<sup>104</sup> See Whittington, R., (1992), Putting Giddens into action: social systems and managerial agency, *Journal of Management Studies*, 29/6, pp. 693 - 712.

<sup>105</sup> For a general criticism of structure/agency theory, see Donaldson, L., (1997), A positivist alternative of the structure-action approach, *Organisation Studies*, 18/1, pp. 77 - 92.

<sup>106</sup> Sewell, W. H., (1992), A theory of structure: duality, agency and transformation. *American Journal of Sociology*, 98/1, p. 5.

no existence independently of social actors, only coming into existence at the moment of instantiation. However, Giddens has also defined structure in terms of rules and resources. These rules and resources are then linked to allocative and authoritative power. As Sewell rightly points out, while it may be possible for rules to be virtual, this is certainly not the case with resources. Resources can, and do, have a physical existence, which immediately creates problems for Giddens' definition of structure in terms of resources, if not rules. Sewell then proposes that Giddens' definition of structure be redefined as being composed simultaneously of schemas (which replaces 'rules') which are virtual, and of resources, which are actual.<sup>107</sup> Thompson<sup>108</sup> and Callinicos<sup>109</sup> also raise similar problems in the way in which Giddens theorises structure. A point in relation to rules overlooked by the critics of Giddens is the relationship between rules and technology. Rules can achieve a physical status by being embedded in technology. While the rule may not itself have a physical existence, the technology within which the rule is embedded certainly does. For example, the rules that govern the operation of computer software are not necessarily visible but are given a physical presence through being embedded within the computer technology.

Callinicos<sup>110</sup> questions also the extent to which it is possible, as Giddens does, to generalise from language practices to social practices. Even if such an approach is valid, it is still not without problems. For example, rules and resources (which for Giddens represents structuring properties) have an existence independent of social

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<sup>107</sup> Sewell, W. H., (1992), A theory of structure: duality, agency and transformation, American Journal of Sociology, 98/1, pp. 10 - 13.

<sup>108</sup> Thompson, J.B., (1984), Studies in the theory of ideology, Cambridge, pp. 148 - 172.

<sup>109</sup> Callinicos, A., (1985), Anthony Giddens - a contemporary critique, Theory and Society, 14/2, pp. 133 - 166.

<sup>110</sup> Callinicos, A., (1985), Anthony Giddens - a contemporary critique, Theory and Society, 14/2, pp. 138-139.

actors. Certainly, these rules and resources are instantiated during language practices, but the existence of such rules and resources is independent of action, simply being called upon when needed by social actors. In turn the knowledge of such rules and resources can then enable or constrain action prior to such action taking place. These are all significant criticisms, as the very notion of structure is a central feature of the theory of structuration.

Another major criticism is that found in Whittington<sup>111</sup> where it is noted that Giddens' insistence of the capacity of agents to mobilise and transform structural properties of social systems is controversial. There are several reasons for this, all seeming to revolve around Giddens' theorising structure as being instantiated during action. For example, such conception undermines any sense of structures as being preconstituted and relatively autonomous of action. There is the danger that the theory of structuration could be accused of being excessively subjectivist.

While these are substantial criticisms of Giddens' theory there is still much of his theory which is useful - for example, the importance he places on context, time, space, historical circumstances, and so on. Rather than attempt to modify Giddens' theory it is proposed to use another social theorist who is still concerned with reconciling structure and agency and has many of the features of Giddens' theory of structuration, but whose theory does not pose the same difficulties as does Giddens.

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<sup>111</sup> Whittington, R., (1992), Putting Giddens into action: social systems and managerial agency, *Journal of Management Studies*, 29/6, p. 697.

## Lloyd's structurism

Lloyd<sup>112</sup> uses the term structurist theory to differentiate his theory from structuration theory and he has good reasons for doing so. Lloyd characterises structurist theory as being "...resolutely historical in that it refers to the dialectical process in which the structure of society's institutionalised system of rules, roles, and relations are reproduced, and transformed through human thought and action, which, over time it enables and constrains."<sup>113</sup> Lloyd explicitly recognises that structures can both enable as well as constrain actions, something which Giddens implies. At the centre of Lloyd's theory is "...a conception of the person as a socially powerful agent with intentions and abilities to choose reflectively and to structure society meaningfully, according to intentions and unintentionally."<sup>114</sup> For Lloyd, people are the prime agents of society who have "...dispositional (including teleological) propensities to behave in certain ways, as well as conscious intentions. Their behaviour is therefore taken to be a result of a combination of causes - psychological dispositions, intentions, social structural and ecological imperatives, and conscious rational and irrational choices."<sup>115</sup> Giddens and Lloyd have much in common in this regard, but Lloyd's theorising of structure does not suffer from the same weakness as does Giddens' theorising of structure - although Lloyd does seem to overlook the temporal dimension of social interaction whereas Giddens makes it explicit. Lloyd, in contrast to Giddens, grants to structure an 'existence' independent of individuals, arguing "[c]oncepts of human structuring agency and power imply the existence of real structures of rules,

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<sup>112</sup> Lloyd, C., (1993), The structures of history, Oxford.

<sup>113</sup> Lloyd, C., (1993), The structures of history, Oxford, p. 55

<sup>114</sup> Lloyd, C., (1993), The structures of history, Oxford, p. 184.

<sup>115</sup> Lloyd, C., (1993), The structures of history, Oxford, p. 161.

roles, and relations that are the emergent results, objects, and conditions of human choice, action, and thought.”<sup>116</sup> It is important to note that structures cannot produce or reproduce themselves<sup>117</sup> as structures are the outcome of agents “...who work upon pre-existing materials and within largely pre-existing patterns and relationships.”<sup>118</sup>

A central feature of Lloyd’s theory is humans as agents. He argues:

It is a fundamental characteristic of humans that they are agents - they have intentions, choose courses of action, act to achieve perceived goals, try to realise plans, at least much of the time - and they also endow their own acts, goals, relationships, and the world generally, with a multitude of meanings <sup>119</sup>

Humans are consciously acting individuals, as well as knowledgeable individuals.

They are capable to imputing meaning not only to their own actions, but to the actions of others. It is also recognised that these acts can have a multitude of meanings which agents are able to apply in order to make sense of various situations - there is room for ambiguity - and thus meaning can be contested.

Lloyd also defines agency in terms of people - it is something people have by virtue of being people. But, as Lloyd notes, agency “...is not an invariably determining disposition to behave in a (so-called) rational egoistic manner, as many writers in neo-

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<sup>116</sup> Lloyd, C., (1993), The structures of history, Oxford, p. 95.

<sup>117</sup> Lloyd, C., (1993), The structures of history, Oxford, p. 139

<sup>118</sup> Lloyd, C., (1993), The structures of history, Oxford, p. 94.

<sup>119</sup> Lloyd, C., (1993), The structures of history, Oxford, p. 139.

classical economics and individualist psychological traditions seem to believe.”<sup>120</sup>

This characterising of agency is consistent with Lloyd’s description of humans, otherwise there would not be a multitude of meanings for individual actions, but instead a single meaning for all actions, clearly an untenable position.

This does not mean that there are no constraints upon humans as agents. There are and it is in this regard that Lloyd introduces his idea of structure. For Lloyd, structural boundaries provide the constraints upon choice and action of both consciousness and action. These boundaries can be either ideological, cultural, social, or political.<sup>121</sup> To which he should also have added physical, both in terms of the natural and built environment, and the characteristics of humans. Lloyd also notes that another enabling or constraining feature of humans as agents is the amount of power to which they have access. Lloyd recognises that power will be unevenly distributed throughout society and that most people will have little power to control and alter their own life patterns, while others will have sufficient power to control not only their own lives and the lives of others, but also to manipulate and transform social situations and structures.<sup>122</sup> It is important to note that Lloyd attributes to all people power, it is just the amount and extent of power which becomes significant in social circumstances. The lesser the amount of power of an individual the lesser will be their sphere of influence. No individual is totally powerless - in exercising choice they exercise the power of free will - by simply choosing to do or not to do something is, in itself, an exercise of power.

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<sup>120</sup> Lloyd, C., (1993), The structures of history, Oxford, p. 184.

<sup>121</sup> Lloyd, C., (1993), The structures of history, Oxford, p. 94.

## Summary

Lloyd has more to offer in terms of structure and agency than has Giddens. Lloyd's theory does not suffer the same key weaknesses that Giddens' theory of structuration possesses. Lloyd's theory is also not without some problems, as has already been noted, but these problems can be more easily accommodated to Lloyd's theoretical framework without destroying the integrity of such framework. By combining elements of structuration theory with elements of structuralist theory it is argued that a more accurate theory of managerial decision making can be developed which provides an explicit account of the role of structure and agency.

In summary, the theory of structure and agency that will be used in this thesis consists of the following key features. First, structures do not possess determinate qualities; rather, providing a framework (both physical and social) which operates to enable or constrain the actions of persons as social agents. It is important to appreciate that a key feature which enables or constrains the actions of social agents is the institutional contexts within which such individuals are located. Such institutions can be broadly representative of social, political, and economic structures. A central set of structures which will often mediate social and economic structures are the structures that comprise the political and legislative apparatus of the State.

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<sup>122</sup> Lloyd C., (1993), The structures of history, Oxford, p. 94.



While there have been a number of different theories of the State<sup>123</sup> what is of concern in this thesis is the recognition that structures are always present in terms of the institutions and apparatus that comprise the State. The individuals and their motives may change, but the actual structures and institutions which comprise the State will remain relatively constant. A prime reason for the importance of the State is the State is in a position to provide legitimation for the activities of either individuals or organisations. Alternatively, the State can also declare certain actions as not being legitimate (providing the appropriate processes are observed). The State is also in a position to enable or constrain actions of the Company by using either the power available to it either legislatively, or by the use of withdrawal of the resources at the command of the State. However, it still needs to be remembered that it is individuals acting, but they act always within the institutional structures of the State. As will be demonstrated in subsequent chapters the State had an important role to play in the overall development of the Company, especially in attempts by the Company to obtain a reliable water supply for mining operations at Broken Hill, and supplying police to protect the property of the Company during union disputes at Broken Hill.

Second, social actors are knowledgeable, purposive human beings whose choices can be enabled and constrained by structural factors. Third, the choices and actions of social actors will be influenced by time-space structures and relationships. These are the result of historical processes. In other words, choices and actions are path

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<sup>123</sup> See Jessop, B., (1990), State theory: putting the capitalist state in its place, Polity, Cambridge; Evans, P. B., Rueschemeyer, D., and Skocpol, T., (eds)(1985),Bringing the state back in. Cambridge University Press. Cambridge.

dependent on the inherited time-space context that has accreted as a consequence of past choices and actions.

## **Managerial decision making and structurist theory**

It has been argued above that issues of structure and agency will either be explicitly or implicitly embedded in managerial decision making. This embeddedness will be revealed in the processes that constitute managerial decision making. In making choices the impact of structure and agency will become apparent. Hence, for the purposes of this thesis it is necessary to specify in some detail how the key concepts of structure and agency will impact upon choice, as constituted in the processes of managerial decision making.

At the core of processes of managerial decision making are the key concepts of structure and agency. The way, or ways, in which choice situations are conceived will be significantly influenced by the various factors of both structure and agency which impact upon choices. As the literature review above demonstrates structure and agency are two central issues which need to be accounted for in choice situations. For it is structure (both physical and social) which provides the context within which agents make choices.

For my purpose, social structure is those rules, roles, and relations which shape the everyday discourse, activities and interactions of social actors. To social structure also has to be added physical structure as represented by either the built or natural

environment. Physical structure provides the space (or locales, to use Giddens' term) for social structure to be constituted in interaction between and among social agents and, as with social structure, will enable or constrain both the choices available, and the feasibility of such choices, to social actors.

Agents, or social actors, are individuals who have intentions and the capacity to make a difference. Choices available to agents will be influenced by structural conditions prevailing at the time choices are being made.

But the very conditions which constitute both structure and agents have also been shaped by other factors, most notably developments which have occurred, over time, of choices made by agents who have long departed the scene. Choices made in the past continue to have consequences in the present, and, potentially, the future. As a result of such historical and natural forces agents are embedded in structures over which they had little control. Implicitly or explicitly choices available to agents in the present will be enabled or constrained by choices made by agents in the past, just as choices made in the present will enable or constrain choices made in the future.

The choices available to agents will be enabled or constrained by structural elements and, depending upon a number of factors, agents will have the capacity to either intentionally or unintentionally impact upon social and physical structures. A key variable is the resources available to agents, and the way agents make use of such resources. In other words, the potential power available to social actors will also shape not only what choices are available but also what choices are feasible, given the context of the agents involved.

An important point to note is that agents can also constitute different social groups as a result of structural conditions. Individuals are agents, but they are also part of broader social structures by virtue of such individual characteristics as occupation, gender, ethnicity, religion, economic circumstances and so on. These broader social structures also have the potential to enable or constrain individual choices. Broader social structures are not simply an aggregation of agents blindly pursuing their own self interests. Broader social structures are comprised of different types of social groups which agents can choose to vary the extent to which they incorporate the purposes of the broader social group into their own choices.

As a result of this, agents will need to take account of other agents, either as an individual agent, or as representing a broader social grouping, when choices are being made. While it is not possible to take account of all agents and their possible reactions to any choices that are made, there will be agents whose relations will have a degree of predictability in respect to the choices made. That is choices made by agents are as likely to be contested by other agents as such choices are likely to be agreed with. It is in the contesting of choices that power becomes significant. By marshalling the resources available to them, agents will attempt to impose their choice on other social actors. Choices are not made in a vacuum but rather in structured contexts which includes other social actors who may or may not agree with the intentions of one group of social actors. The type and availability of resources then becomes important in deciding whose choices prevail. Power becomes a central issue.

Thus, decision making in organisational contexts is a much more complex process than contemporary models of managerial decision making would allow for.

The various models of decision making either implicitly or explicitly discuss the relationship between structure and agency in various ways. For example, there are models of decision making which privilege structure or agency to such an extent that structure determines what are the appropriate choices available to managers.

Alternatively, the garbage can model of decision making presents a view of decision making as being very loosely structured, with agents free to choose when they would enter (or leave) the overall decision making process.

The rational model of decision making as developed from the work of Simon does attempt to balance issues of structure and agency but in such a way that limits the impact of structure and agency on decision making. Individuals are treated as one dimensional clones while structure is present only as a procedure issue, rather than an issue that actually shapes the overall decision process. As individuals are treated as clones, they therefore share the same values of rationality; hence choices are not contested. Issues of power simply do not arise.

The richness and complexity of managerial decision making processes is captured by structuralist theory, when agents are capable of making intentional choices, but such choices are constrained or enabled by either social or physical structures. Because of these structures, freedom to choose does not mean freedom to act. As detailed in the literature review above contemporary models of managerial decision making fail to capture the richness and complexity inherent in choice situations. Instead, decision making is represented simply as a technical procedure which, if followed in the appropriate way, results in the 'correct' choice being made.

At the heart of structuralist theory is the way in which choices are made and the factors which impact upon such choices. Managerial decision making is also about choices but in an organisational context rather than a general social context. As both Giddens and Lloyd are developing general social theory, there will be specific elements lacking in applying this theory to organisational contexts. For example, the nature of the organisational product becomes important and the economic imperative of organisational existence is something that managers and others have to be constantly aware of. Other issues may become apparent during the course of discussion. There is, however, no reason why these factors cannot be accommodated in a structuralist theory as it is possible to argue that while not made explicit, these specifically organisational features are implied in terms of physical and social structural conditions. Therefore, even though the context may vary one can argue that the key features of choice making in general social contexts could also be applied to organisational contexts.

## **Conclusion**

The specific theory of managerial decision making to be used in this thesis differs from the dominant theory of managerial decision making in a number of ways.

First, attention is paid to the question of deciding to decide in the first place.

Managerial decision making commences when there is the perception that a situation may arise which may have positive or negative consequences for either the individual manager or the operations of the organisation. This does not mean any action will necessarily be taken by managers. A number of other issues also become important in influencing any action. Not only does there have to be a perception that some form of action may be necessary but the individual manager who perceives that action may need to be taken also needs to either have sufficient power or be connected with someone who has sufficient power to have the issue at least placed on the organisational agenda. If the individual manager is not so empowered then it is doubtful if the issue will make it onto the agenda of the organisation. The question of an issue making it onto the agenda of the Company is, in terms of the case study, not an issue. Managerial decision making of the directors and senior managers is the focus of the empirical material and given their positions in the Company, there was generally no problem with items being placed on the agenda of the Company for action.

Second, once an issue has been placed on the agenda of the organisation there is no guarantee that any action will be taken, or that the issue may not even be re defined.

In fact, even though an issue has been placed on the agenda of the organisation, there are no guarantees that any action will be taken because the whole decision making

process is not necessarily a linear one as the dominant theory of managerial decision making would seem to suggest. Instead, the actual process of arriving at a decision outcome is just as likely to resemble the garbage can model of decision making as it is the decision making process being based on assumptions of economic rationality, incrementalism or satisficing. Empirical research by Hickson et al. and Cohen et al clearly demonstrates the variability of decision making processes.<sup>124</sup>

Finally, embedded within managerial decision making processes are issues of structure and agency. Organisations do not make decisions. Certainly, decisions are made on behalf of organisations, but it is individuals who choose although within certain structural constraints. It is in this area of structure and agency and the managerial decision making process that both Giddens and Lloyd have significant contributions to make, providing allowance is made for the differing contexts within which their theories were developed and the context within which their theories will be applied.

By explicitly combining a theory of managerial decision making with a theory of structure and agency, it is argued that a fuller understanding of managerial decision making will be possible.

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<sup>124</sup> Hickson, D. J., Butler, R.J., Cray, D., Mallory, G. R., and Wilson, D. C., (1986) Top decisions: strategic decision making in organisations, San Francisco; and Cohen, M. D., March, J. G., and Olsen, J. P., (1972), A garbage can model of organisational choice, Administrative Science Quarterly, 17, pp. 1-25.