



Intuition and Strategic Decision Making – a study of health care sector in Uttarakhand, India

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Abstract

Purpose- Intuition is a way of knowing without conscious reasoning. Rational thinking allows the person to take decision on the basis of certain data and calculations. There are occasions where rational thinking does not suffice for decision making. Top level executives rely on their intuition to solve complex problems where rationality cannot help.

Design/ Methodology/ Approach- This research paper employ ex post facto research design. Questionnaire has been used to collect data from the doctors.

Findings- Results revealed that, there was a significant association between intuition and intuitive strategic decision making.

Originality Value- Two traditional theories in decision making includes analytical and intuitive decision making. Though intuition is used in decision making and could be of importance for the whole decision making process, there is not much field research performed on this subject. This present paper strives to empirically test the impact of intuition in strategic decision making.

Keywords- intuition, strategic decision making

Paper Type – Empirical research paper



Introduction

Strategic decision making implies both intuitive and rational processes as they are equally important for a strategic decision maker, but there is not much in the way of role of intuition in strategic decision making. A part from many popularized treatments of intuition in the literature today, there is only a handful of serious scholarly works on the subject. Of these, the majorities are essentially theoretical in nature; field research in management setting is virtually nonexistent. One of the most basic assumption about management is that systematic and careful analysis yield superior choices than those coming from intuitive processes. (Mintzberg, 1994).

A frequently discussed topic is that the rational decision making model often is not adequate for the modern decision maker. The complexity of the environment and the abundance of information may lead to cognitive overload. The modern decision maker has to deal with this complex environment and develop skills to be able to survive.

Nelson, Quick and Khandelwal (2011) contend that the definitions of intuition put forward by various authors share some common assumptions. Firstly, intuition is fast; secondly, intuition is used at a level below consciousness; thirdly, it involves learned patterns of information and lastly, it appears to be a positive force in decision making. Further, it is of positive use in business for decisions involving problem identification, managing information, recognizing patterns, dealing with conflict and forming strategies in tune with the evolving environment.

Rational analysis is a useful and indispensable tool in strategy making which even Mintzberg (1994), a strong critic of strategic rationality, concedes. The stand of this study is that, a theory of strategic decision making has to take into account both rational and intuitive processes (Pondy, 1983; Simon, 1987). As Jonas Salk, the discoverer of polio vaccine, noted: 'if we combine our intuition and our reason, we can respond in an evolutionary sound way to our problems' (cited in Ray & Myers, 1990: 249).

Though intuitive processes are used with decision making and could be of importance for the whole decision making process, there is not much field research performed on this subject. Though, there are quite a few treatments on the subject in recent literature, but they are mainly theoretical from origin instead of based on field research within the context of a management environment (Khatri & Alvin, 2000). Researchers suggest that there is nothing mystical or magical about intuitive processes and that they are not paranormal or irrational (Simon, 1987).



Barnard (1938) recognized the role of both logical (analytical) and non-logical (intuitive) thinking in the business context. Barnard uses forceful language to drive home his point: —logical reasoning processes are increasingly necessary but are disadvantageous if not in subordination to highly developed intuitional processes. Concurring with this view point Mintzberg (1989) notes that effective business decision making is possible only through the coupling of logic (right hemisphere style) with intuition (left hemisphere style). In situations of inadequate information managers make decision on the basis of hunches (intuition). Mintzberg further comments that at senior levels analysis must coexist with intuition - a fact that many analysts and planners have been slow to accept. Similarly, Isenberg (1984) discusses managerial use of intuition to check on the results of rational analysis, to integrate scattered data and to find solutions bypassing in-depth analysis. Agor (1986) discusses managerial use of both intuition and rationality. The organization can, therefore, make better use of the existing talent. Yukl similarly emphasizes that effective managers use an appropriate mix of intuition and conscious reasoning for the type of decision situation confronting them (Yukl, 1994).

Jagdish Parikh (1991) conducted a landmark survey of thirteen thousand managers worldwide and reported that they credited eighty percent of their business success to intuitive decision making. Cooper and Sawaf (1997) describe case studies of products (such as scotch tape, post-it notes) which were introduced in the market only on the basis of intuitive hunches amidst stiff opposition and were resounding successes. Further, they suggest that as individuals practice intuitive thinking, it forms a habit and takes the form of Intuitive Flow where intuitive thinking spontaneously flows in all aspects of work and personal life.

Klein (2002) notes that the key to success at work is acting on one's intuitions and making quick, savvy decisions based on experience and sometimes just a strong gut feeling. He also notes that an increasing number of top-level managers, including CEOs, are openly admitting to the use of 'gut feeling' or intuition in their decision-making. Klein emphasizes that even those who claim that they do not rely on intuition are, and have to, without being consciously aware of it.

Tata Sons executive director, R. Gopalakrishnan (2007), stresses that intuition, not analysis, is the key to becoming an effective leader.

The need for the study arises from the lack of research as well as cohesive opinion regarding the nature of intuition in general and especially in the context of business. Compared to theoretical published work on intuition, the empirical research work on intuition is scarce. Psychological factors (such as questioning one-self and curiosity) that have been stressed repeatedly by intuitive



professionals in books and theoretical articles have been ignored entirely in empirical studies. The primary need for the study is, therefore, to measure intuition in the Indian context and analyze the intuition categorically with intuitive strategic decision making. The study was undertaken with the objective to examine intuition and strategic decision making, individually as well as collectively.

Methodology

Based on the theoretical framework the following research hypotheses were formulated.

H0 (1): there is no significant intuition in health care sector.

H0 (2): there is no significant intuitive strategic decision making in health care sector.

H0 (3): there is no significant association of intuition with intuitive strategic decision making.

Research Design

This research work employ ex-post facto research design as it sought to investigate the role of intuition in strategic decision making in health care sector in Uttarakhand State.

Measures

Different scales were used to attain the objectives, to measure the intuition & strategic decision making of doctors. Questionnaire was designed in three parts; first section sought the demographic details, Second section covers the scale on intuition followed by the third section which covers the scale on intuitive strategic decision making. The first instrument consisted of 34 items concerning 6 dimensions as curiosity, emotional awareness, faith in intuition, self-questioning, inadequate information, knowledge based on experience. Items for the first scale are a combination of adopted items and self framed items. The second instrument consisted of 22 items concerning 4 dimensions as stability, expansion, divestment and entrepreneurship. Both scales used 5 point likert scale ranging from 1=strongly disagree to 5= strongly agree. Items for the second scale were developed by the researcher for the present study.

The internal reliability of the scale was measured by Cronbach Alpha method. Cronbach's alpha for scale on Intuition is 0.782 and for strategic decision making is 0.738, which shows adequate reliability of the scale. Validity was tested through KMO measure the sampling adequacy which should be greater than 0.5



(Kaiser, 1974) for a satisfactory factor analysis to proceed. Content validity was tested through experts from different institutions in India.

Table 1

*Significant @ 0.05

Sample and Sampling Technique

Scale	Cronbach's Alpha	
Intuition	0.782	A sample of 100 Nursing Homes/ Hospitals was randomly selected from a list of Nursing Homes/Hospitals issued by C.M.O of different districts.
S.D.M	0.738	
Intuition and S.D.M	0.818	

Figure 1



Administration

Both the questionnaires were administered on medical doctors having their own hospitals or nursing homes from Uttarakhand state. A total of 220 questionnaires were distributed out of which 153 were recovered giving a return rate of 69.54% but 141 questionnaire were found to be usable for data analysis.

Analysis & Findings

The data collected were analyzed using percentages, frequencies and chi square. The criterion variable or dependent variable was strategic decision making, while the predictor variable was intuition.



Results- Table 2

S.No.	Demographic	Criteria	Frequency	Percentage
1	Age	31-40	44	31.4
		40-50	54	38.8
		50-60	20	19.9
		60 and above	13	9.9
2	Gender	Male	92	65.2
		Female	49	34.8
3	Qualification	B.D.S, B.U.M.S	14	8.5
		D.G.O, D.L,	21	9.2
		D.ORTH		
		F.R.C.S	1	.7
		M.C.H	4	2.8
		M.B.B.S	26	18.4
		M.D, M.S	75	22
4	Family Background	Business	76	53.9
		Service	65	46.1
5	Spouse in same profession	Yes	79	56
		No	62	44
6	Average Number of patients attended (daily)	0-30	37	2.1
		31-60	74	14.2
		Above 60	32	64.5
		Above 1 crore	23	16.3
7	Membership of medical association	0-1	24	17
		2-3	94	66.7
		4-5	7	5
		6-7	8	5.7
		Above 7	8	5.7
		None	30	14.1
8	Has a website of their hospital/nursing home	Yes	13	9.2
		No	128	90.8



Majority (80.8%) of the doctors were male with the age ranges from 40-50 years and the qualification of M.D, M.B.B.S & D.G.O having an average experience of 10-20 years. A good (54%) percentage of doctors belonged to family having their own business and 56% doctors have their spouse in same profession. Most of the doctors attended 60 patients a day. Majority (84%) of respondents having hospitals/ nursing Homes, invested capital ranging between 25 lakh- 1 crore employing about 6-10 nurses and attendants. Majority of doctors attended on an average 13 seminars/conferences with membership of 3 medical associations. Nearly 80% of doctors have reported their presence on social networking websites

Table 4 Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	12.663 ^a	4	.013
Likelihood Ratio	15.652	4	.004
Linear-by-Linear Association	5.084	1	.024
N of Valid Cases	141		

a. 4 cells (44.4%) have expected count less than 5. The minimum expected count is 3.64.

such as Face book/ twitter. Majority (90.8%) of respondents did not have website of their hospitals/ nursing homes.

Table 3 Intuition * S.D.MR Cross tabulation

		S.D.MR			Total	
		Low	Moderate	High		
IntuitionR	Low	Count	9	7	4	20
		Expected Count	4.3	11.9	3.8	20.0
		% within IntuitionR	45.0%	35.0%	20.0%	100.0%
	Moderate	% within S.D.MR	30.0%	8.3%	14.8%	14.2%
		Count		62	19	102
		Expected Count	21.7	60.8	19.5	102.0
	High	% within IntuitionR	20.6%	60.8%	18.6%	100.0%
		% within S.D.MR	70.0%	73.8%	70.4%	72.3%
		Count	0	15	4	19
	Total	Expected Count	4.0	11.3	3.6	19.0
		% within IntuitionR	0.0%	78.9%	21.1%	100.0%
		% within S.D.MR	0.0%	17.9%	14.8%	13.5%
Total	Count	30	84	27	141	
	Expected Count	30.0	84.0	27.0	141.0	
	% within IntuitionR	21.3%	59.6%	19.1%	100.0%	
	% within S.D.MR	100.0%	100.0%	100.0%	100.0%	



For the purpose to see the association between intuition and its role in strategic decision making chi square test has been used. The responses from both the scale were categorized in three ranges- people with low intuition, moderate intuition and high intuition.

Table 5- Ranges of Intuition and Intuitive Strategic Decision Making

Scale	Limits	Low		Moderate		High	
Intuition	Lower Limit	Minimum Score	34	Upper Limit of "Low"	124	Upper Limit of "Moderate"	148
	Upper Limit	Average-1S.D	124	Average+1 S.D	148	Maximum Score	170
S.D.M	Lower Limit	Minimum Score	22	Upper Limit of "Low"	62	Upper Limit of "Moderate"	80
	Upper Limit	Average-1S.D	62	Average+1 S.D	80	Maximum Score	110

The chi square test yielded a p value of 0.013 which is smaller than 0.05. The test provides evidence that intuition matters in intuitive strategic decision making in the sample. There is a significant association between intuition and intuitive strategic decision making.

Highest score is attained by moderate range. Further it can be interpreted that respondents belonging to moderate intuition category use their intuition in taking strategic decision making the most followed by respondents belonging to low intuitive category and low intuitive strategic decision making.

Results & Limitations

Numerous studies conducted on intuition in business decision making across the globe provide conclusive evidence of the increasing recognition and worth of intuitive decision making. CEOs are now openly acknowledging the reliance on intuition for critical decisions. Results of the present study are in tune with the earlier studies on of the study found intuition to be an important strategy process factor which top level personnel often exhibit in their strategy decision making (Khatri & Alvin, 2000). Another study found that there were major perceived differences between entrepreneurs and executives answers in terms of how their decisions are made. Executives tend to exhibit more characteristics of analytical decision making the entrepreneur's do (Paprika, 2006).

A very important issue is that whether a combination of intuitive synthesis and rational analysis would be better than using either rational analysis or intuitive synthesis alone. For example, Pondy (1983) noted that the rational and the intuitive are equal partners, each providing a context within which the other can



operate. Similarly, Simon (1987) observed that, to be effective, any organization has to combine analysis and intuition in strategy making.

Naturally, definitive conclusions cannot be drawn from this single study. In fact, several limitations of the study warrant mention. First, the study controlled for geography, size, and industry influences in an effort to assure more conclusive evidence. But, further work is needed on samples of small and large firms drawn from diverse geographical and industrial contexts. Another limitation of this research is that the self-report measures it used may not truly reflect the phenomena of interest. Personal bias, values, and misperceptions may influence responses. Future research is needed to verify and extend the findings presented here.

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