The Teaching and Practice of Management: How Art and Culture Make it Different from Other Business Subjects

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ABSTRACT

Big data and analytics are now widely used in the practice and study of business. They are appropriate for most disciplines but suffer significant limitations in management. In management, while big data and analytics help inform decisions, they do not dictate them. Management requires unique solutions and implementation that utilize subjective artistic and cultural variation. Business school curriculum in management requires education and training that are directed individually and uniquely to students to form their own solutions and implementations, guided by but not controlled by the data.

BACKGROUND

The academic emphasis of subjects commonly taught in business schools changes with the times. Currently, an emphasis on big data and analytics is widely fashionable. Because, in general, business college departments are founded on the rigorous pursuit of quantifiable information, this emphasis fits comfortably. While this is also largely true of the discipline and practice of management, there are important components for which this model does not fit. At least, it does not fit perfectly or completely. To fully understand and practice management, two other components must be considered: art and culture.

Unlike financial ratios, economic laws of supply and demand, or universal accounting practices, etc., successful management varies widely with the situation. This is a result of two factors not found to vary as greatly in the other disciplines. They are:
1. The extent to which not only science but art and individual subjectivity inform the choices made; and,
2. The variability among the “correctness” of answers based on culture, whether it be the culture of an organization or the culture of the participants. The fact that one is dealing with people and not merely numbers and data matters. With the exception of marketing, it does not in the other disciplines.

WHAT IS SPECIAL ABOUT MANAGEMENT

The study and practice of modern management is unarguably instructed largely by science. In fact, this is true now more than it ever has been. But it is not exclusively driven by science, and the exception is significant. True science proceeds from observations, to hypothesis formulation, to data gathering, to testing and measuring, and concludes with application. It is an amoral process devoid of human preference. When researchers enter their own preferences and biases, whether intentionally or not, the process morphs from science to management. This is neither bad nor a violation of proper process if, in fact, a decision maker wants to enter subjective judgments and preferences. While this would not be desired in a scientific laboratory experiment, it is a common intention in the practice of business.
The desire to have management outcomes accord the personal subjective desires of decision makers is widespread. In fact, more so than may be commonly appreciated. At the most subtle levels, personal preference and perception may unintentionally enter into the process, particularly in problem recognition and application. Highly trained students of perception study how decision makers are influenced by their limitations in accurate perception and characterization of situations. Without having to concern ourselves with the limits on human perception conditioned by our sensory organs and our weighting of past experiences in our minds, it is apparent that decision makers often have a purely “political agenda”. This is not inherently or necessarily bad. We, in fact, evaluate executives on the results of their subjective decision-making qualities and values applications. If this were not a valued capacity, all data would speak for themselves and decision-making would require only the skill to solve the necessary equations. Theoretically, computers could run organizations if we didn’t want to include subjective judgment.

THE ARTISTIC COMPONENT OF MANAGEMENT

In the purest sense, science merely explains. It does not persuade. It does not lead. In the scientific method described above, competent researchers using the same data should get the same results. The results then wait for human application, almost certainly subjective, to put them to use.

The opposite is true in art. Art is creative and subjective. Outcomes vary from artist to artist, reflecting the unique and personal contribution of the creator. In this aspect, science and art seem to be polar opposites. But, while their processes are radically different, they are both of value to managers. It can be said that the goal of management is the act of leading people to a point, using theory and tools. Art, interestingly, aims at the same target with the same methods. Art, too, evolved to “tell a story”, leading people to believe or think in a specific direction. Since management has the same goal as art, one is left to determine whether the journey to get people to believe should be led by science alone, or by science with some influence from art, where art is the unique and creative portrayal of a message.

The current emphasis on big data and analytics addresses this issue. It places science exclusively in the driver’s seat. Strong advocates of this way of analyzing assert that the “data determine the decision”. Skeptics, doubters, and methodological moderates might instead assert that the data merely “inform the decision”, not determine it. The distinction is important.

Proponents of the current emphasis on big data and analytics make the extreme assertion that the decisions must follow the data. While it is impossible to argue that the opposite should be true, the data don’t always provide reliable guidance, independent of subjective judgment. There are several reasons for this:
1. Gathering accurate data may be difficult or impossible;
2. Knowing which questions to ask and which data would answer them requires subjective assessment of the situation, making it heavily artistic, not scientific, in choice making; and,
3. Deciding what the data mean and what use should be made of them is also not dictated merely by what is found. Meaning has to be attached. This, too, is subjective and artistic.

In sum, managerial decision-making and implementation is not exclusively scientific. Big data provide better information for making choices, but the selection of choices from beginning to conclusion remains subjective and artistic.
THE CULTURAL COMPONENT OF MANAGEMENT

There are two levels at which culture impacts decision-making:

1. The culture of the organization –

   Organizational culture is one of the biggest components of organizational performance. This has been known and demonstrated for decades. The disappointing outcomes of the mergers and acquisitions era of the late 20th century testified to the failure of big data to account for the subjective receptivity of people. Data and people clashed and the people component won. It is compelling evidence that analytics are insufficient if organization culture is not accounted for – at least in mergers and acquisitions.

2. The culture of the people involved –

   The mathematical equations of big data and analytics are blind. Who the people solving them are doesn’t matter. However, who the people applying them are, does. It also matters to whom the decisions are being applied. Even if a manager abided entirely the prescriptions of big data and analytics, he or she would still have to get the decisions implemented and that takes leadership. Just because the “correctness” of a decision can be governed by analytics doesn’t mean it can be implemented by people or to people. How people feel about the decisions and how the decisions were reached greatly affect the quality of their implementation. Data do not speak for themselves. They have to be not only interpreted but sold.

LIMITATIONS ON BIG DATA AND ANALYTICS IN MANAGEMENT

Big data and analytics are powerful tools for informing managerial decisions. In the other business disciplines, they may even be the only tool necessary. But, as demonstrated, that is not true in management. While data make understanding clearer and are of huge benefit, they do not, in and of themselves, provide guidance for what to do about a situation. That remains a subjective choice. This is because data and analytics come up short in two crucial areas:

1. They don’t account for all the factors necessary to affect outcomes or implement decisions. People in organizations have their own agendas, whether they be subordinates or decision makers. Personal priorities need to be recognized and accounted for, whether rational and defensible or not. It is insufficient to assume that decision makers and implementers always do what the data say are best for the organization. A safer and more accurate presumption is they will pursue their personal self-interest to the extent they can get away with it, perhaps even in spite of the data – and they will often “spin” what they are doing to appear to make it seem justified by the data. Attributing meaning to data is certainly a very applied form of art.

2. Even if subjective distortion, both accidental and intended, were not a problem, data typically exist only for what can be quantified and measured. Fortunately, this covers a vast portion of business activity but has significant gaps, particularly in management. Fairness, equity, and justice are examples of largely unmeasurable but important topics. They are difficult just to quantify, let alone measure and calculate. Good decisions require attending to these matters and big data and analytics are of little or no help. They can’t determine the decision. A human, and a subjective one at that, needs to make and implement the decision.
IMPLICATIONS FOR THE TEACHING AND PRACTICE OF MANAGEMENT

Ideally, the teaching of management in a business school curriculum should prepare students for its practice in the business world. Accomplishing this is much more complex in management than in the other disciplines. Accounting taught in school is the accounting used in business. It is much the same for finance, economics, and information systems. Big data and analytics work fine here. Yet the practice of management – of assessing a situation, determining what needs to be improved, identifying possible solutions, weighing their relative merit, selecting one, implementing it, overcoming resistance, observing the results, and planning for the next step, all require subjective assessment and artistic and cultural application to be effective. Almost none of this is true in the other disciplines.

To prepare students to address unique situations that aren’t merely replicated from the classroom, special pedagogy is required. Because decisions are not made by calculating impersonal and invariable equations, assessments and solutions have to reflect, in addition to data, the needs and preferences of individuals, groups, teams, and organizations.

Learning how to do this requires much more than competence with just data and analytics. It requires role playing where students begin to understand themselves and others at a personal and unique level that has to be adjusted each time to the situation. It requires exercises, observations, testimonials, and case studies in which students make their own unique decisions and defend their choices. It requires competence with human behavior, organizational behavior, ethics, and political realities. The wisdom, efficiency, and effectiveness of choices are conditioned not merely by numbers, but also by values. Learning these techniques in classrooms for unique applications in the business world requires not only the best use of big data and analytics possible but also the subjective lessons of culture, applied through artistic expression. In the other disciplines, everyone should get the same answer. In the art of management, every answer could be different and its value will depend not only on its analytic base but also on its artistic expression.