

Book Review and Commentary on Evidence-Based Management

*Hard Facts, Dangerous Half-Truths and Total Nonsense:
Profiting from Evidence-Based Management*
By Jeffrey Pfeffer and Robert I. Sutton
Boston, MA: Harvard Business School Press.



B R I A N H A R N E Y *

If doctors practiced medicine the way many companies practice management, there would be far more sick and dead patients, and many more doctors would be in jail.

Pfeffer and Sutton (2006: 5)

The above quote helps capture the central thesis underpinning Pfeffer and Sutton's most recent contribution to the stockpile of practitioner-focused texts. Pfeffer and Sutton argue that too often managerial decisions are determined by hope and fear, imitation, deeply held ideologies and path dependencies. Instead, drawing on the concept of *evidence-based management*, Pfeffer and Sutton advocate that leaders should 'face hard facts and act on

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138 *Book Review and Commentary*

the best scientific evidence' (p. 237), thereby promoting healthy scepticism about what is currently being flaunted as 'best managerial practice'. Given its roots in clinical medicine, utilising the vehicle of evidence-based management is perhaps particularly appropriate to cure the 'ills' of current managerial practice. Moreover, the ideas of evidence-based management have already penetrated into education and policy-making (e.g. Campbell, 2002). There has been a clarion call for a similar intervention in management; Cummings has recently stressed the imperative of 'scientific knowledge as the basis for managerial policy and decision making' (2007: 356). This logic suggests that practitioners might do well to heed the advice of Sherlock Holmes, who highlighted the importance of using hard data to inform theories; the alternative being that 'insensibly one begins to twist facts to suit theories, instead of theories to suit facts' (Conan Doyle, 1891: 163). So how well does Pfeffer and Sutton's contribution advance the argument for evidence-based management?

The book is neatly structured in three parts. The first part, 'setting the stage', contains two chapters: the first chapter sets the rationale for *why* organisations need evidence-based management and the second chapter indicates *how* to practice it. In building the rationale, Pfeffer and Sutton highlight the existing flaws in managerial decision-making. Three flaws in particular stand out for criticism: simply benchmarking what others have done, assuming the future will be like the past and following 'deeply held yet unexamined ideologies' (p. 10). While well argued, there is nothing novel here; however, Pfeffer and Sutton provide a way of moving beyond these issues by introducing the mindset of evidence-based management. This involves the dual criteria of 'putting aside belief and conventional wisdom' and 'committing to gather facts and information to make more informed decisions' (p. 14). It follows that a number of questions should be asked before introducing a new business idea: e.g. its underlying assumptions, whether these assumptions intuitively make sense and/or can be tested, and whether alternative solutions exist (p. 22).

The second chapter begins with Pfeffer's law: 'Instead of being interested in what is *new*, we ought to be interested in what is *true*'. While perhaps a little bit corny, the argument of the chapter serves

to exemplify this 'law' in action. Here it becomes apparent that this is not simply another addition to the jungle of prescriptive texts. For example, the table on p. 34 humorously compares the competing advice evident in the titles of leading business books (e.g. *Charisma vs Leading Quietly, Built to Last vs Corporate Failure by Design*) and sets the tone that at least this contribution is going to be critically engaging. The second half of this chapter lives up to this promise by presenting 'six standards for generating, evaluating, selling and applying business knowledge' (p. 41). Among these include 'treating old ideas like old ideas', 'being suspicious of breakthroughs', 'emphasising virtues and drawbacks of research and proposed practices' and 'taking a neutral and dispassionate approach to ideologies and theories'. Arguably, some of the six standards may overlap (e.g. the first two above); nonetheless, they offer a promising template to take forward the evidence-based management agenda.

The second part of the book puts the flesh on the bones of these ideas by challenging 'six dangerous half-truths' about managing people and organisations. In this section there are six chapters that cover a range of issues, each framed by a question. At the more individual level they ask sequentially, 'is work fundamentally different from the rest of life and should it be?', 'do the best organisations have the best people?' and 'do financial incentives drive company performance?'. In each chapter the response involves a depiction of 'common convention' before this is debunked by a range of evidence and the virtue of alternatives presented. For example, in terms of the 'best people question' Pfeffer and Sutton are sceptical of the 'talent war' as individual talent is hard to predict, and performance can be extremely variable. Instead, they contend that while the best organisations may not have the best people, they certainly have the *best performing* people. In their terminology, 'the law of crappy systems trumps the law of crappy people' (p. 101). Moving to a more organisational level the next three chapters pose the following queries: 'strategy is destiny?', 'change or die?' and 'are leaders in control of their companies?'. The chapter on strategy is particularly interesting as it suggests that strategy is not the great determinant of performance that is typically depicted; indeed, strategy can lead to narrow focus, while detracting from the *how* of

140 *Book Review and Commentary*

implementation and requirements for adaptability. There is some irony (acknowledged by the authors) that the malaise of business schools is used to illustrate this point! Clearly, the centrepiece of the book, this section, may have benefited from a more rigorous and structured application of the six standards that were set out in Chapter 2, but nonetheless makes a stimulating read.

The final part of the book, 'evidence to action', points to the future by providing nine principles to facilitate organisations in profiting from evidence-based management. Among these are, 'treating your organisation as unfinished prototype' and 'examining your organisation from the perspective of an "outsider"'. Pfeffer and Sutton are clearly advocates of learning organisations and double-loop learning, best evidenced in their closing advice to leaders: 'leaders need to have the humility to be students and the confidence to be teachers' (p. 234).

Overall, this book is provocative and refreshing in its inquisitive tone. Drawing attention to the flaws of best practice and the key assumptions underpinning business ideas is a worthwhile project which will no doubt facilitate successful execution of strategy. Further, Pfeffer and Sutton use an armoury of anecdotes, cases and quotes which blend neatly together to make the text extremely readable and interesting. Yet here also lies the crux of the criticism that might be directed at this book. While the key message is one of critical reflection and a wealth of evidence (ranging from personal correspondence and experience to student cases, experiences of peers, academic journals and policy reports) is brought to bear upon each argument, one wonders if Pfeffer and Sutton's own examples would stand up to the rigorous scrutiny they prescribe. Quite simply, how does one decide what constitutes 'the *best* evidence available'? We cannot assume that diagnosis is as straightforward as in medical practice. Organisations are inherently political, and there is a multitude of perspectives impinging on every decision that is made, while information is very rarely freely available and consistent in the first place. The six standards suggested to evaluate knowledge and practices remain quite vague (e.g. take a neutral, dispassionate approach to ideologies and theories) and so are likely to be contested.

Further, an evidence-based management approach leaves little scope for the roles of intuition, chance, risk-taking and craftsmanship. The risk is that the art of strategy once again gets trapped in the straightjacket of science. It may also prove difficult to combine rigorous and time-consuming analysis with the adaptability necessary for competitive success. Moreover, even a series of trivial choices can generate unexpected consequences, while even in science the process of discovery can be characterised by accidents and determinism as much as by rational choice (for example, see De Rond and Thietart's account of the discovery of Viagra, 2007: 537–538). Evidence-based management also seems to privilege quantitative data at the expense of more qualitative and process-based understanding, while Pfeffer and Sutton's account is largely US-centric in both orientation and in the examples provided. Of equal concern is that a precondition for making business studies a science is often the explicit denial of any role for moral or ethical considerations in the practice of management (Ghoshal, 2005: 79).

Pfeffer and Sutton acknowledge that although managers actually *try* to act on the best evidence this is often impeded by certain obstacles which managerial enlightenment through evidence-based management can redress. Yet the late Sumantra Ghoshal (2005) argued forcefully that some of the problems might lie with the producers of education. Indeed, Pfeffer notes elsewhere, 'we ought to be both more explicit and more thoughtful about the values we are imparting by what we teach and how we teach it' (2005: 99). Thus the critical reflection that Pfeffer and Sutton so passionately promote is equally applicable to both the diffusers and the users of managerial ideas. At the same time, one must caution against accounts that depict managers as lemmings, continuously jumping onto one panacea after another. Institutional and political analysis might shed light on the 'managerial utility' provided best practice prescriptions.

In sum, *Hard Facts, Dangerous Half-Truths and Total Nonsense* must be welcomed for the critical, reflective and innovative thinking that it prompts. While largely aimed at practitioners, this book would be a welcome addition to any postgraduate or MBA course outline. There is no doubt that both academics and practitioners should devote more attention to making sure the knowledge they

142 *Book Review and Commentary*

use is more relevant and accurate. Pfeffer and Sutton frequently suggest that one fruitful avenue is exploring ‘companies that fail and why they fail, not just those that succeed’ (p. 37). Another is encouraging more active engagement and collaboration between academics and practitioners (Brannick and Coghlan, 2006). In this contribution, Pfeffer and Sutton have done much to advance the evidence-based management paradigm, but a number of questions remain. Nonetheless, Pfeffer and Sutton’s quest for wisdom in management practice is a noble and timely one. The overall logic of their argument finds support in the words of Nobel Laurette, Andre Gide:

Believe those who search for truth. Doubt those who claim to have found it.

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