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Review

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### ***Other Reviews***

#### **The Competent Organization: A Psychological Analysis of the Strategic Management Process.**

Gerard P. Hodgkinson and Paul R. Sparrow. Buckingham, UK: Open University Press, 2002. 412 pp. \$130.00, cloth; \$43.95, paper.

Let its title not mislead you. *The Competent Organization* is written by researchers for researchers. The authors seek to achieve two goals. One is to provide "an in-depth psychological analysis of the strategic management process" (p. 2). Toward this end, they provide an overview of the "psychology of strategic management," by which they mean those aspects of psychology that can be brought to bear on understanding important bases of managerial competence and, hence, some important bases of organizational competence. Their second goal is to identify and articulate directions for future psychological research. These directions are far-reaching in scope and time; they outline a research agenda that will involve a considerable variety of psychological and organizational science researchers and that will be relevant well into the second decade of this century.

The authors state that "the central defining concepts of this book are *strategic competence* and *managerial and organizational cognition*" (p. 3). For researchers interested in learning about areas of psychological inquiry that might contribute to understanding managerial and organizational processes and performance, or those researchers seeking expert advice about areas of inquiry that seem especially fruitful, I recommend this book highly. Those professionals seeking guidance to improve managerial and organizational processes and performance should look elsewhere, however, as this book's authors are fully focused on fulfilling the two goals noted above.

Organizing a description of a field of study by area of application is difficult, as many of a field's concepts are germane to multiple areas. The solution, not always enacted, is to deal with the concepts wherever they are relevant, even if this creates some repetition. The authors of this book deal effectively with this matter. That is, while the book's six content chapters map onto six areas of managerial and organization cognition, a good many of the concepts are discussed in more than one chapter. I found that this enriched my appreciation of the concepts and of the interdependencies among the areas. The trade-off in organizing the book this way is that the titles of the six content chapters underrepresent the scope of topics treated in the book.

The first chapter, "The Cognitive Perspective Comes of Age," describes the focus and structure of the book and provides an overview of the main issues addressed by managerial and organizational cognition researchers during the 1980s, the 1990s, and the first years of the current century. The authors argue that, to a considerable extent, the increased interest in these particular issues followed from the rapidly increasing complexity and dynamism of organizational environments that characterized this period. Because these same phenomena characterize current environments, and will very

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likely characterize future organizational environments as well, it is not surprising that, in a broad sense, the book deals with elaborations of these issues and often identifies how and why certain issues and probable elaborations of issues are in need of study by psychologists and other behavioral science researchers.

In a faster changing environment, if an organization is to survive, it—or at least some of its key members—will have to learn faster than did the organizations that preceded it. Chapter 2, the first content chapter, is “Organizational Learning.” The research topics covered range from tacit learning to communities of practice to competency traps. Closely associated with organizational learning are the major topics examined in chapter 3, “Distributed Cognition, Organizational Memory and Knowledge Management.” The topics here range from distributed cognition in groups to knowledge management to information overload. The topics of these two chapters could be grouped into one chapter, but the resultant content would be less easily absorbed. Chunking has its virtues.

Chapter 4, “Competition and Cognition,” focuses on two very specific, related topics: the mental models and processes managers use when (1) analyzing the structure of business competition and (2) choosing strategies for dealing with the competition. But these topics are used as issues around which to organize the authors’ examination of a variety of cognitive and social-psychological topics germane to managerial information processing and decision making. Included in the chapter are treatments of categorization, cognitive inertia, situated learning, and individual and group mental models. Much of this chapter concentrates on empirical findings and methodological critiques of empirical work. Chapter 5, “Strategic Cognition in Top Management Teams,” deals with and elaborates on some of the topics of chapter 4 and other, related topics as well. A subject on which these topics are brought to bear is the upper echelons perspective, the idea that much can be predicted about managers’ information processing by using their demographic characteristics as proxies for their values and beliefs and that the values and beliefs of an organization’s dominant coalition are primary determinants of its strategic choices. As elsewhere in the book, the authors present and examine findings in this chapter that challenge conventional beliefs, such as the following: (1) cognitive diversity in top management teams inhibits rather than promotes the comprehensiveness of decisions and inhibits extensive long-range planning, and (2) decision-specific characteristics have more influence on decision processes than do contextual factors or management’s characteristics.

It is unusual to find a scholarly treatment of managerial competencies and individual-level factors, the subject matter of chapter 6, that includes not only traditional topics, such as the need for achievement and individual differences in information processing, but also topics outside the mainstream, such as intuitive insight, intuitive decision making, creative cognition, and emotional intelligence. The authors’ objective treatment of these latter topics is thought provoking.

The authors are well grounded in the subject matter of chapter 7, "Knowledge Elicitation Techniques and Methods for Intervention." So, while the chapter usefully describes the state of knowledge with respect to several techniques for assessing managerial knowledge and understanding, what I found especially interesting were the authors' views on how methodological progress in these areas can advance the field of managerial and organizational cognition. This chapter is a good lead-in to the last chapter, "Conclusions and Future Directions." In this last chapter, the authors spell out how progress in theory development in several of the specific topics covered earlier, and in some related areas not treated in depth in the book or elsewhere, could lead to improvements in managerial practices and performance. In aggregate, and without structuring the set of topics treated, the chapter sets out a long-range research agenda for psychologists and other behavioral scientists interested in managerial and organizational cognition. I found this material interesting and motivating. Though it is clearly a matter of preference, my own preference would have been to bring some of this material forward into the previous chapters.

This book can add to nearly anyone's understanding of the scope of managerial and organizational cognition and of what we know about the psychology of strategic management. Further, any reader will find new insights about needed research to advance theory or methodology in these areas.

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