Abstract

There is a growing debate about economics not only being bad for practice but even destroying good management practice. The focus of this debate has been on the negative influences of wrong assumptions in theory building which become a self-fulfilling prophecy. We analyze why standard economics indeed can be bad for managerial and political practice. Aside from wrong assumptions, economic imperialism is another important factor. We argue, that psychological economics is better for practice than standard economics, but is still not good for practice, as long as it uses an imperialistic approach. We propose a different research strategy, which we call multidisciplinary mapping. It not only bridges between different disciplinary approaches, but also between the knowledge of scholars and practitioners. It is good for practice as well as for theory building.

1. Introduction: Examples for negative influences of economics on the practice of management and politics

Current discussion about corporate scandals, the explosion in management pay and disastrous consequences of the transition process in Eastern Europe has given life to the question whether economics might be bad for practice. The following examples briefly sketch this discussion.

Ghoshal (2005), in a posthumously published article, lamented the fact that the economic theories currently dominating the debate over corporate governance had wrecked previously good management practices. These scandals are interpreted as the consequence of the dominant principal-agent and transaction cost view in corporate governance (see also Adler 2002; Osterloh and Frey 2005). The standard economic view is based on the assumption of opportunism as a worst-case scenario. Opportunism is considered to be a prudent consideration for institutional structures (Milgrom and Roberts 1992; Williamson 1996). However, in the view of its critics, prevalence of standard economic approaches in the training of new managers at reputable MBA centres leads to a situation in which these theories’ conception of human beings as opportunists tends increasingly to become reality. It seems to become true what Ghoshal and Moran (1996) in their oft-quoted article “Bad for Practice: A Critique of the Transaction Cost Theory”, had criticised: Williamson’s (1990) transaction cost approach is not only wrong but dangerous for guiding management and policy decisions.

Ferraro, Pfeffer and Sutton (2005a) state that in social sciences - other than in physical sciences - theory becomes normative guidance on how to act, which itself sets a self-fulfilling prophecy in train. The greater the influence the theories have, the more this is the case. In their view, this is the case with economics. The authors draw on Robert Merton’s definition of a self-fulfilling prophecy as a prediction that “is, in the beginning, a false definition of a situation evoking a behaviour which makes the originally false conception come true” (Merton 1948: 195). They analyze three mechanisms through which theories become self-fulfilling: Institutional designs (e.g. reward systems, measurement practices, selection processes that reflect the theories of their designers), social
norms (e.g. obeying the norm of self-interest not to appear as foolish or naïve) and language (e.g. evoking different cognitive frames like the gain frame or a pro-social frame).  

Kogut and Spicer (2005) analyze the negative impact of economics on the transition process in Russia. They argue that the disastrous development in Russia is to be explained by the strong institutional ties of economists of Harvard and MIT to the World Bank and the international policy arena. The development in Russia is characterized by a picture far worse than in other transition countries, e.g. with respect to the development of life expectancy, infant mortality and living standards prior to the reforms. The authors explain these negative consequences of the reform process in Russia by the dominance of economists and the nearly total “no-show” of non-economic disciplines like sociology and psychology. Useful ideas and insights of non-economic social sciences were excluded. Diversity of ideas and contextual knowledge about governing the transition process were absent. As a consequence, a “one best way” solution was put through which consists in the idea of “depoliticization” and fast mass privatization without corresponding emphasis on the quality of governmental institutions. In the end, mass privatization, far from depoliticization, led to opportunities for few oligarchs to secure vast economic wealth and to exercise extensive political power at the cost of ordinary people.

Bazerman and Malhotra (2005) and Bazerman (2005) agree that economics have achieved unjustified dominance in social sciences. But they contradict Ferraro, Pfeffer and Sutton (2005a) insofar as they argue that economic theory has not been self-fulfilling. Rather it has been falsified: during the last twenty-five years economic theory has been proven systematically wrong in a number of its key predictions and has produced a lot of disasters. They analyze why nevertheless economics have gained such a high impact in the political and business world. In their view this is due to the fact that non-economic social science disciplines have abstained from prescriptions, while economics not only explicitly claim to influence behaviour (e.g. Masten 1993) but do not hesitate to enter the political and managerial realm with their prescriptions. To change this, the authors argue, non-economists need to learn from economists and should enter the policy and business realm so that society no longer has to pay the price of economic domination.

We do not contribute to the discussion whether the ideas of standard economics are “bad for practice” by political and economic power. To answer this question an empirical analysis of the interaction between theories and public policy is needed which has been done elsewhere (e.g. Blyth 2002; Fourcade-Gourinchas and Babb 2002; Kuttner 1999). We also do not scrutinize whether non-economic social sciences really abstain from prescriptions (for empirical evidence of prescriptions see Ferraro, Pfeffer and Sutton 2005b) and thus have lost impact on the practice of management and politics.

Instead, the aim of our paper is firstly to point out a different explanation for the fact that theories, in particular economics, often are bad for management practice. We argue that being bad for practice is a methodological problem in the first place and not a problem of false assumptions alone. The methodological problem consists in an imperialistic use of single theories as it is the case with economic imperialism. This problem will not disappear if economics start theory building with empirically better validated assumptions about human nature. We demonstrate this with the example of the new and strongly growing branch of psychological economics which has made some crucial assumptions of standard economics endogenous to theory building and thus clearly is better for practice.

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1 Ferraro, Pfeffer and Sutton (2005a) underpin their argument with large empirical evidence for all three mechanisms. Thus, Felin and Foss (2003) fail in criticizing these authors to take a constructivist stance. In particular Felin and Foss (2006) refuse to take into account the overwhelming empirical evidence from psychological economics that men are characterized by bounded rationality, and bounded selfishness, see section 2.2 of this paper.

2 The telling title of this paper is“ Economic Wiens, Psychology Loses, and Society Pays”.

3 Though false assumptions introduced exogenously into a theory can indeed produce a self-fulfilling prophecy, see section 2.

4 See section 2.2. The methodological problem will neither disappear, if management research starts with positive instead of “worst case” assumptions about human nature, hoping that a positive self-fulfilling prophecy will set in.
However, in so far psychological economics uses the same methodology like standard economics in an imperialistic way, it still is bad for practice. Secondly we will answer the question: Which research mode is good for practice as well as good for theory building?

We propose a different research mode for management research: Multidisciplinary mapping. It provides different disciplinary maps to gain insights from the difference between disciplinary maps as well as between the maps of scholars and practitioners.

2. Are economics bad for practice?

In this section we will sketch the standard economic model and its critics as well as the model of psychological economics to show the methodological procedure of economics and its shortcomings.

2.1. The standard economic model and its critics

The standard economic model of homo oeconomicus is characterised by the following assumptions (e.g. Frey 1999):

• Action is centred in the individual (methodological individualism). Everything that happens in institutions and society can be traced back to the actions of individuals.

• A strict distinction is to be drawn between preferences (i.e., values which form the basis of motivation) and restrictions (i.e. external stimuli and constraints on the scope for action).

• An individual’s preferences are given and inalterable (c.f. Becker and Stigler, 1977). The individual’s actions are determined entirely by restrictions.

• Only self-interested, not prosocial, preferences are assumed to exist. The preferences of other people do not concur with one’s own preferences.

• The cognitive perception of restrictions is identical in all individuals.

• Individuals behave entirely rationally. They are able to determine their own maximum utility according to their own preferences within given restrictions.

It is on the basis of these assumptions that the standard economic model is applied to all spheres of life, for instance, to the family, drug abuse, abortion, criminality, art, sport, religion, and suicide. This is tied to the withdrawal (or, better, the ejection) of psychology from economics, which, for instance, for Schmölders (1962) was still part of economics. Neoclassical standard economics has thus developed an imperialistic understanding of itself as the “queen of the social sciences” (c.f. Hirshleifer 1985; Becker 1976), a view which has provoked significant aggression and criticism among neighbouring social sciences.

Criticism of standard economics refers chiefly to these assumptions. In particular, this is about the assumptions regarding the cognitive and motivational characteristics of homo oeconomicus and the assumptions regarding the transferability of the economic model across from anonymous market relationships to the relationships within organisations and between individuals.

The criticism of the assumptions about the cognitive characteristics of homo oeconomicus is the least controversial. They go back to Simon (1955, 1956) and have led to the idea of bounded rationality as a consequence of people’s limited capacity to process information. Individuals do not maximise their utility, but can at best achieve satisfactory results. It is on this basis that the institutional economic approaches have been developed (Williamson, 1990). However, the...
idea of bounded rationality remains vague in institutional economics.\(^7\) The research of psychological economics into decision anomalies (Kahneman and Tversky 1986), developed over twenty years, has not been considered. Instead “the same assumptions are still in place as the cornerstones of economic analysis” (Kahneman 2003: 162), though the research on decision anomalies provides precise and situation-specific differentiations of bounded rationality.

The criticism of the assumptions regarding the motivational characteristics of homo oeconomicus is, in contrast to the discussion of his cognitive characteristics, controversial. One bone of contention is the assumption of self-interest, which has been significantly intensified in the transaction cost approach by the assumption of opportunism as “seeking of self-interest with guile” Williamson (1985: 56). This is related to the accusation levelled at economics that all managers are guilty “by axiom” (Donaldson 1990: 373), which is both false as a description and dangerous as a prescription. This argument is the backbone of the criticism of self-fulfilling prophecy: If institutional designs (e.g. measurement and incentive systems or selection processes) as well as expectations and frames are directed towards selfishness, people will react as if everybody is an opportunist. A framing and crowding-out effect of intrinsic motivation will take place (see section 2.2). The proponents of economics counter that the assumption of opportunism is necessary, even though they concede it to be an “extreme caricature” of humans (Milgrom and Roberts 1992: 42). As long as there is no way of distinguishing opportunists from non-opportunists ex ante, it is, they say, a practical measure to adopt this as a “worst-case scenario” (Brennan and Buchanan 1993; Williamson 1996). They claim, furthermore, that it is necessary to be able to formulate clearly testable hypotheses.

The proponents of standard economics have a harder time with the criticism that the causal relations between motivation and the conditions of institutional contexts have been wrongly construed (Foss 2003). According to this criticism, it is not the potential opportunistic tendencies of individuals which are the cause of monitory structures created to prevent opportunistic behaviour. It is, rather, the autonomy-reducing monitory structures which are the cause of opportunistic tendencies. This charge is theoretically and empirically supported by the findings on the crowding-out of intrinsic motivation by extrinsic motivation (c.f. Deci and Ryan 2000; Frey 1997; Osterloh and Frey 2000).\(^8\) This objection places the assumption of given preferences in doubt. Proponents of standard economics usually either ignore or question it so that the propagation of the orthodox economic model can continue uninterrupted.

The criticism of the transfer of the economic model from anonymous market relationships to the relations between individual is the least discussed. It is doubtful whether the assumptions of opportunism and self-interest about anonymous markets hold in the same way for individual relationships. Indeed, empirical results show that the more impersonal the relationships, the more self-interested behaviour increases (e.g. Bohnet 1997). However, they also show an astonishingly high readiness for anonymous giving (c.f. Meier 2006). In any case, a simple transferral of the assumption about self-interest from anonymous markets to organisations leads results which are not only undifferentiated but wrong.

2.2. Psychological economics and its critics

Psychological economics is a combination of economics and psychology.\(^9\) It is concerned with the systematic divergence of human actions from the standard economic model of homo oeconomicus while retaining economic methods (c.f. Camerer and Malmendier 2004; Frey and Benz 2007; Mullainathan and Thaler 2000; Camerer and Loewenstein 2004; Kahneman 2003; Rabin 1998). It questions

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\(^7\) Foss (2003) criticises the absence of a precise definition of “bounded rationality” in institutional economics, though it is an essential assumption in this approach.

\(^8\) See also section 2.2.

\(^9\) Psychological economics is often referred to in the Anglo-Saxon world as behavioural economics. However, this description is misleading. In psychology, the term ‘behaviourist’ denotes a scientific approach which exclusively investigates observable stimulus-response relationships (Watson, 1913; Skinner, 1973), and disregards internal psychological cognitive and motivational processes.
the ‘homunculus oeconomicus’ in three ways: through the issues of (1) bounded rationality, (2) bounded self-interest, and (3) the bounded utility concept.10

(1) Bounded rationality: The findings of psychological economics go far beyond the vague concept of bounded rationality as applied in institutional economics. These show that divergences from the expected maximisation of utility follow systematic conditions, which are dealt with under the term “decision anomalies”. It is largely with this term that Kahneman and Tversky (1979; 1986) have founded the psychological economics branch of research.11 Important decision anomalies include:

- Framing: the perception of a decision situation depends on the presentation of the situation.
- Loss aversion: The perception of an uncertain decision situation depends on whether the problem gauged against a reference point, is perceived as a gain or a loss. Losses relative to the reference point are seen as more significant than gains.
- Anchoring: the appraisal of outcomes is influenced such that the first anchor is held against the final judgement, and new information as a result is given less consideration.
- Availability bias: individuals rely chiefly on easily gained information.
- Sunk cost effect: individuals draw costs sunk in the past into their calculations rather than just evaluating future expectations.

In particular framing, anchoring and the availability contribute to a self-fulfilling prophecy effect: If the prevailing information you get lead you to an opportunist frame you will design institutions as if all or most people were opportunists. A crowding-out effect (see the next section) will set in.

Empirical evidence shows that even experts are subject to these decision anomalies. In situations of great uncertainty, experts are more strongly affected by these decision anomalies than lay people, because they trust too much in their models and past data (c.f. Griffin and Tversky 1992: 430). In an experiment, the Economist (1984; 1995) found that dustmen were able to make better long-term predictions about economic development than ministers of finance.

(2) Bounded self-interest: In contrast to the assumptions of standard economics, numerous empirical results indicate that in many situations, people behave against their own interest in a prosocial manner.12 Prosocial motivation can take two forms: altruism and reciprocity. Altruists have the welfare of their fellow human beings in focus, regardless of their own welfare. Numerous empirical findings show that altruists exist in significant numbers (c.f. Fehr and Fischbacher 2005). In the case of reciprocity, one’s own readiness to help depends on that of others. Readiness to help or cooperate is conditional: one acts in a friendly manner when one is treated in a friendly manner (individual reciprocity), and cooperative when others also contribute to the general welfare (generalised reciprocity). However, reciprocity is not to be confused with exchange. It is not concerned with one’s own utility, but with a voluntary giving which falls somewhere between pure altruism and conforming (Göbel, Ottmann and Weber 2006).

Both altruism and reciprocity are affected by what is termed a crowding-out effect between intrinsic and extrinsic motivation. Intrinsic motivation is directed towards activities which are performed for their own sake rather than for any reward (c.f. Deci and Ryan 1985; Frey 1997; Osterloh and Frey 1997; 2000). Extrinsic motivation, in contrast, is aimed instrumentally at activities which are not valued for their own sakes. They are, rather, undertaken for a desired reward or to avoid a penalty. Standard economic approaches deal exclusively with extrinsic motivation.13

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12 For an overview, see Meier (2006).

13 The relationship of intrinsic and extrinsic motivation is dealt with in the social psychological theory of self-determination: for a summary, see Deci and Ryan (2000). According to this, the extent to which intrinsic motivation is crowded out or strengthened is dependent on three factors: autonomy, the experience of competence, and social belonging: see Osterloh and Weibel (2006) for an extended discussion.
A dynamic relationship exists between intrinsic and extrinsic motivation. Under certain conditions, extrinsic motivation can crowd out intrinsic motivation. This leads to what have been termed the hidden costs of reward, whose existence is well supported empirically by both laboratory experiments and field studies (c.f. Frey and Jegen 2001). These show that, under certain conditions, external interferences (like pay for performance or monitoring) can crowd out prosocial intrinsic motivation (c.f. Frey and Oberholzer 1997; Irlenbusch and Sliwka 2003; Stukas, Snyder and Clary 1999; Falk and Kosfeld in print). The crowding-out effect provides a theoretical and empirical well-founded explanation for the self-fulfilling prophecy of the assumption of opportunism. If this assumption is introduced exogenously into theory building as an a priori, as it is the case in orthodox economics, then organizations will be designed to monitor and induce their members with carrots and sticks. Their preferences will change from intrinsic to extrinsic or even opportunistic.

(3) Bounded utility concept: In standard economics, it was until recently the case that only observable acts (“revealed preferences”) could be the object of economic study, but not what was subjectively perceived. In this view, individuals’ expressions of their subjectively felt utility, their happiness or their life satisfaction were not to be trusted (c.f. Samuelson 1938). However, in recent years a dramatic change has occurred. A variety of methods have captured how happy individuals feel, which determinants are decisive for this, and what the measurable consequences arise from this (for an overview, see Frey and Stutzer, 2002a; 2002b; Layard, 2005). Happiness research has brought about a near-revolutionary change in economics. It captures which determinants of subjective life satisfaction or individual welfare are the most important. Some of these clearly contradict the assumptions of standard economics, such as:

- Wealth makes people happy, but to a lesser extent than such factors as health or an occupation. Not the absolute but the relative level of wealth matters.
- The most important factor of unhappiness is unemployment, even when income remains the same.
- Individuals evaluate their utility across the long term falsely. People in democratic countries are, other circumstances remaining the same, happier than in authoritarian societies. They are happiest when they are able to be directly active in democracy through the use of initiatives and referendums.

Psychological economics can contribute more and richer insights for the awareness and shaping of companies and societies than standard economics and its empirically false “homunculus oeconomicus”. Psychological economics reduces considerably negative self fulfilling prophecies. The question arises: Does it avoid to be bad for practice?

3. Why psychological economics can be still bad for practice

Psychological economics is less bad for practice than orthodox economics because it has made some critical assumptions about human nature endogenous to theory building. However, psychological economics uses a similar methodology as orthodox economics and thus runs the danger of also being not good for practice because of five methodological reasons.

First, as orthodox economics, it takes formal models, in which just a few variables are systematically analysed, as a starting point. The standard economic model continues to serve as a frame of reference for the analytical and the empirical research. Like standard economics, it proceeds from a restricted number of assumptions, which are formulated within mathematical models. Some of these variables are introduced endogenous into theory building. But most variables are still

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15 Variable and performance-related rewards are not negative in principle (c.f. Frey 1997; Frey and Osterloh 2002). Where extrinsic motivation predominates in an activity, variable pay produces a positive total effect on performance. However, variable pay always costs more than it appears to at first glance, because the hidden costs of reward must be added to the monetary costs of variable pay. This effect was demonstrated in detail by a vignette experiment involving professionals by Weibel, Rost and Osterloh (forthcoming), which looked into the “black box” of cognitive and motivational processes.
introduced exogenously, e.g. rational behaviour in most experiments which investigate pro-social preferences. The economist Thomas Mayer (1993: 53) criticises this procedure as the “principle of the strongest link”. It is the background to the oft-made accusation that these models are rigorous but not relevant. Significant variables which do not fit the model are ignored. At best, contextual conditions are included ex-post as “weak links” in the form of unsystematic, arbitrarily occurring ad-hoc reflections. These ad-hoc reflections for the most part stand in stark incongruity to the strict output of the model’s results and the claim to give valid prescriptions to practitioners.

Second, for many scholars, psychological economics is identical with experimental economics. Most empirical work in psychological economics is done as laboratory experiments, in which very few variables are artificially isolated and changed under controlled conditions. The experiments are mostly run with students which have no practical experience. Though external validity is very questionable, a lot of scholars claim to derive prescriptions for practitioners (e.g. Mullainathan and Thaler 2000). An example can be found in Camerer and Malmendier (2004). To repair biases of managers, in particular their reluctance to fire employees, the authors recommend in favour or the shareholders to hire managers which have no emotional barriers to downsizing and layoffs. The authors completely disregard empirical evidence from management research, that on the long run restructuring by downsizing on average is not successful for shareholders (Rigby 2001; Cascio 2002). The most important reason is the negative reactions of the “survivors” (the employees which are not dismissed). There exists empirical evidence, that the survivors feel guilty, their risk-aversion increases, their loyalty to the company decreases and they undertake more revengeful actions (Brockner et al. 1990).

Third, the key to explaining observed actions is only sought where the disciplinary lamp is shone. The insights of other disciplines are not systematically incorporated. Also, the perspectives and viewpoints of practitioners are seen as insignificant. Their potential for reflection is underestimated. This is astonishing given the results of research on the value of laypeople’s insights. As in standard economics, in psychological economics the results of research into practice are made available without there being any feedback into the research process. This kind of research research neglects that much of practice in most fields remain only partially understood scientifically and that technological and social practice and scientific understanding often coevolves (Nelson 2006; Starbuck 2006: 108; Stokes 1997).

Fourth, it is characteristic of this type of research that it neglects aspects of synthesis in favour of analysis. The requirements of discipline-based knowledge with the requirements of business and policy practice are left to the practitioner. It follows the IKEA model: take it home yourself and put it together yourself (c.f. Mintzberg 2004: 47). This is particularly disadvantageous to management science, which, like other problem-oriented fields of research such as engineering sciences, jurisprudence, environmental sciences, proceeds explicitly from the concrete questions of practice rather than from problems defined within the discipline. Management practice pays no attention to disciplines (Steinmann and Schreyögg 2005). Its nature is “adisciplinary” (Ulrich 1985).

Fifth, psychological economics as well as orthodox economics claim to be the “queen of social science”. This goes so far that the results of other social disciplines, like social psychology, are mostly ignored, though these disciplines deal with similar questions and apply similar empirical methods. But any form of disciplinary imperialism restricts scientific progress. It is known from empirical research into decision-making that cognitive distance and a variety of cognitive frames of reference are necessary for creative problem-solving (Hansen 1999; Wuys et al. 2005). For this reason, management research cannot grant precedence to one single discipline. Instead, it must seek to elucidate problems with several “disciplinary spotlights”, so as to learn from the differences.

As a consequence psychological economics like standard economics is very often rigorous but not relevant for problem solving outside the laboratory. Though psychological economics clearly is better for practice than standard economics, it still is not good for practice.

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16 Nonetheless, more recently numerous field experiments have been conducted (e.g. Frey and Meier 2004).

17 This problem has been extensively discussed in the field of knowledge production using the term Mode 1 as opposed to Mode 2, see Gibbons et al. 1994.
4. From economic imperialism to multidisciplinary mapping

How has a research strategy to look like which is good for practice and at the same time overcomes the often discussed trade-off between rigour and relevance (e.g. Donaldson 1995; Huff 2000; Nelson 2006; Pettigrew 2001, Stokes 1997)? We suggest the research strategy of “multidisciplinary mapping” and give reasons why it is most appropriate to support at the same time problem solving in management practice, and scholarly understanding of research questions.

Maps are theoretically based reference anchors, offering precise terminology with regards to specific contents. Maps provide ways to structure and simplify thoughts and beliefs, and to communicate information about them (Fiol and Huff 1992). They provide frames for action to start from (Weick 1990), without determining action. Maps describe navigation devices that may solve a given problem, but offer no guarantees of doing so. They deal with the problem of handling a rich set of interlinked variables which often are only partially understood. According to a saying ascribed to Immanuel Kant for such problems hold: “Our necessity to decide extends our ability to cognize”. 18

Maps can be used to elaborate academic theoretical thinking between disciplines on the one hand and to exploit practitioners’ knowledge on the other hand.

• They are a vehicle for transferring theoretical insights to scholars from other disciplines without using a theory-specific language. Thus, they enable better communication between different disciplinary approaches. Dogan and Pahre (1991) show empirically that the most important innovations in social science took place at the borders between single disciplines.

• They help practitioners to analyze their problems more systematically. Although they use a precise terminology, they neither establish causal laws or regularities nor reduce offer “blueprints” or best practices. Instead, maps can be used as different “walking sticks” to reveal possible unintended consequences of intended actions (Roethlisberger 1977). They can also be used as different “talking sticks” in argumentation processes to consider propositions and to come to an agreement (Scherer and Dowling 1995).

Maps provide for practitioners and scholars from other disciplines new patterns of perception, help to reveal unintended consequences of action and challenge the underlying everyday theories or ad hoc insights. What is crucial, maps do not claim to translate theoretical insights gained by one discipline (e.g. orthodox or psychological economics or psychology19) into instructions or blueprints for practitioners in the form of a “tautological transformation” (Popper 1959). Rather, they provide frames of reference to throw spotlights on the territory.

Multidisciplinary mapping is the provision of different disciplinary maps which give an orientation on a complex territory. The aim of multidisciplinary mapping is to gain insights from the differences between these different maps and to exploit these differences. Any theory is an incomplete abstraction that cannot engenders all aspects of a phenomenon. Each theory is a fallible model that engender only a restricted amount of variables which are determined by the methodology used (Azvedo 1997: 191). What matters is to provide practitioners and scholars from other disciplines with insights of different theoretical approaches in a language they understand so that they can triangulate methods and models with respect to their problems (Van de Ven and Johnson 2006; Starbuck 2006).

Thus, we suggest multidisciplinary mapping to leverage the different knowledge contributions that practitioners and scholars bring to bear on the question what is good for practice and theory building.

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18 The original quotation is “Unsere Notwendigkeit zu entscheiden, reicht weiter, als unsere Fähigkeit, zu erkennen.”

19 The psychologists Bazerman (2005) and Bazerman and Malhotra (2005) recommend such a procedure, see section 1 of this paper. Insofar we do not agree with these authors.
Practitioners play an important role in criticizing as well as in providing and enriching the ideas that scholars develop. But they do not develop joint knowledge with scholars. Rather, scholars and practitioners stay in their different domains. The contribution of practitioners to theory building is to communicate their insights whether the different theoretical approaches translated cover the variables they find important in their work. They espouse their “weak links” in the sense of Mayer (1993) and point out to scholars whether their weak links should become strong links in theory building. For example, if practitioners have had a voice in the transition process in Russia, they could have taught the leading economists from Harvard and MIT that mass privatization without functioning corporate governance and a functioning law system will not lead to wealth creation for the ordinary citizen.

Scholars are confronted by multidisciplinary mapping with different exigencies how to organize the process of theory building.

The first exigency concerns the acquaintance with different theories. The starting point in the process of theory building derives from the problems of management practice and their espoused weak links. Scholars have to identify different disciplinary “spotlights” in form of maps in order to frame and understand practitioners’ problems and to communicate with scholars from other disciplines as well as to give reasons which theories could contribute to good management practice. Especially organization science shows an increasing variety of theories. However, none “grand theory” (Abraham 1982: 10) should be selected in an imperialistic manner as the only theoretical “spotlight”. This is also true for economics and psychological economics. They do not have the primacy in the first place. For example research on corporate governance draws on different theories like economics, psychological economics, law and social psychology.

Second, maps have to be transferred into courses of action applicable to managerial problems. In the process of theory building, maps support scholars in using several levels of abstractions about the same subject for different situations. They are used as a vehicle for transferring theoretical insights without using theoretical language. Accordingly, maps earn their merit if they are used and enriched by practitioners. They help practitioners to analyze their problems more systematically, without having to cope with the entire range of theories. A famous example of a successful framework is the “five forces” framework for diagnosing industry structure by Porter (1980, 1981). Porter takes up some central characteristics of industrial organization, especially the structure-conduct-performance-paradigm, and applies them in a modified manner to strategic management. His “five forces” framework offers theoretically based structural analyses of problems without having to use theoretical terminology.

The third exigency concerns the development of an integrating architectural knowledge (Henderson and Clark 1990) which fosters the communication and transparency between different theories. Its aim is to clarify which part of the set of variables is introduced exogenously as strong links in the process of building a specific theory. No one single theory can engender all variables that are relevant for an overview about the problem territory and make them endogenous to the theory. Thus, it is important to develop architectural knowledge to communicate between different approaches and to make clear which variables should be treated as endogenous in the next step of the theory building process. More research is needed about how architectural knowledge is exactly characterized, generated and distributed.

5. Conclusion
A theory that is good for practice must abstain from all kinds of imperialisms. Instead, it must sensitize scholars as well as practitioners to a broad range of views and issues involved. We examine that “multidisciplinary mapping” reduces the overconfidence of scholars in their models, and supports practitioners to express their problems and experiences in a more precise terminology. Multidisciplinary mapping addresses the dual purpose of management studies: a deep understanding of the research question for creating scientifically meaningful research while advancing problem solving in management practice at the same time. Multidisciplinary mapping thus is not only good for practice but also good for theory building.


