

The Quixotic manager: Cervantes' masterpiece has a lot to teach us about decision-making

For James March, pioneer of the Behavioral Theory of the Firm, our identities become important decision criteria in situations of change and ambiguity.



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At the start of the 21st century, the journal *Organizational Dynamics* published a list of the 25 most influential management books of the 20th century. The ranking was drawn from a poll of 137 fellows of the Academy of Management. Of the selected authors, only James March had two titles on the list, albeit as coauthor, for *Organizations* (1958) and *A Behavioral Theory of the Firm* (1963), in 7th and 12th places, respectively.

[March](#) was on the faculty at Stanford University since 1970. He boasted a huge body of work, both as a humanist and as a scholar.

It is the latter work, with Richard Cyert, that marked a turning point in management thinking away from an exclusively economic theory of the firm toward a theory of the firm rooted in human behavior.

Indeed, March's interest in humanism and the humanities took him beyond the realm of business management to include education, political science, sociology and psychology.

In recent years, he turned his hand to poetry and even converted his course material into a film. In [Passion and Discipline: Don Quixote's Lessons for Leadership](#), March used [Cervantes' masterpiece](#) to inspire reflection on the qualities of leadership.

Vital lessons on decision-making

The tragicomic figure of the chivalrous knight offers vital lessons on decision-making. According to March, the rational decision-making process tends to follow the logic of expected consequences, in that what is deemed most rational is that which we calculate will result in the consequences we seek.

However, human rationality is extremely limited. We are not even capable of contemplating all the alternatives available to us, never mind evaluating them rigorously or even saying *a priori* what it is we actually want.

In spite of this, we still strive to make the “right” decisions.

There is, however, another logic available to us, the logic of appropriateness, which includes the role of rules as shaped by our identities and notions of exemplary human behavior. Citing the words of Don Quixote — “I know who I am” — March highlighted that Quixote acts in accordance with his character.

Applying this logic to the world of business means answering three types of questions

formulated by March.

- The first is about recognition: What kind of a situation is this?
- The second is about identity: What kind of a person am I? What kind of an organization is this?
- The third addresses the kind of rules we should follow: What should a person like me, working for an organization like this, do when faced with a situation such as this?

All professions are guided by a similar logic: What would a good doctor do in a situation like this? What about an auditor or a marketing director?

The same applies to our private lives: What would a good parent do? Or a good citizen?

Universities and business schools should teach by provoking these kinds of questions.

In this way, our identities become important decision criteria to obtain a given result in situations of change and ambiguity, more than following a strict cost/benefit analysis among a set of alternatives that seems most opportune at the time. Using a logic based on identity seems a more efficient shortcut.

Admittedly, we can still go astray, since this logic can lead us inexorably toward predetermined or predisposed alternatives, when the better course of action might be to look for something completely new.

This is another area from which we can learn a great deal from March: the necessity to balance our decisions between the exploration of new things and the exploitation of what we already know.

Classics worth reading

In addition to *Don Quixote*, James March found leadership lessons in other classics. The following are based on lectures by March and compiled in the book *On Leadership*.

- ***Don Quixote* by Miguel de Cervantes**

March saw the deluded knight as a celebration of “imagination, commitment and joy. He reminds us of how ambiguous reality is and how it can be subject to numerous interpretations.” Where Don Quixote went wrong was in focusing only on

himself at others' expense. He had the best of intentions but his actions had adverse consequences. A reality check for leaders.

- **Othello by William Shakespeare**

Apart from enduring themes of love, jealousy and betrayal, March saw in Othello the leader torn between his private life and public duty. Iago represents the dark side of ambition and the lengths to which some people are prepared to go to get ahead. To what extent are leaders “manipulated to serve as instruments to settle other people’s scores”?

- **War and Peace by Leo Tolstoy**

For those who believe in stability and order, there’s nothing like war to remind us that the only constant is change. People deal with adversity in different ways. Tolstoy’s view of history as “a flood of events that nobody can immediately judge to be significant or not ... that does not follow any defined structure, but arises from the complex interaction of countless insignificant events” will be familiar to leaders in VUCA times.

- **Saint Joan by George Bernard Shaw**

This play about Joan of Arc exemplifies the problem of genius — those nonconformist types who are driven by a compelling vision. They may be on the right path, but they’ll upset the establishment and threaten the powers that be. Institutions need geniuses — but go too far and the institution will abandon them. There’s a fine line between genius and heresy.

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