

Explanation, causality, and effectuation in management

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ABSTRACT

Since mid twentieth century there has been a virtual explosion of work in the area of explanation and causality. Nevertheless, the sciences – and particularly the social sciences - have not fully utilized these developments. Business management, like other fields, has its own conventions for accepted explanation, many taken from the disciplines that contribute to management thought. However, discussion of causality may become murky, since management practice has aspects of an *art*, or both art and crudest applied science. Literature directly dealing with causality in management is still incomplete, and neglects several important aspects of both causal explanation and the nature of management. This paper first considers the sources from which managers derive their conceptions of causality, and then reviews the nature of this concept and its treatment by the contributing disciplines. It then considers recent works on the limitations of causal thinking; this literature suggests that the use of substitute or complimentary conceptions, e.g., Sarasvathy's (2001) "effectuation," may be more descriptive and hence more appropriate, especially under the ambiguity faced by entrepreneurs and top managers. Finally it posits a larger framework incorporating much of the criticism into a fuller picture of causal thinking by managers.