

# **BUSINESS STRATEGY DECISIONS: HOW EFFECTIVE LEADERS OVERCOME FUNCTIONAL FIXEDNESS**

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## **ABSTRACT**

The first purpose of this research is to identify the various forms of problems associated with functional fixedness in the realm of strategy setting in organizations. The second purpose is to identify ways in which leaders can overcome these functional fixedness problems when attempting to renew strategic directions for their organizations. In today's highly competitive and quickly changing business environment, business leaders are regularly faced with making innovations to their strategy. Enhancing competitive advantage through innovative strategic decisions is a critical aspect of effective strategic leadership of organizations. Understanding the various problems associated with functional fixedness, and overcoming these problems, stands to be an avenue towards improvements in effective strategic decision making.

## **INTRODUCTION: FUNCTIONAL FIXEDNESS AND LEADERSHIP**

To study how effective leaders overcome functional fixedness, one could observe and question hundreds of leaders and try to find patterns in those leaders' behaviors and responses. It would be possible to identify what it "looks like" when a leader is suffering from functional fixedness and then look for leaders who said those types of things and behaved in those ways. Before that type of a research project is undertaken, it would be necessary to examine existing studies and identify characteristics of definitions of leadership and functional fixedness. Moreover, to see how this relates within the more specific realm of business strategic decisions would require some review of strategic decisions and strategic decision making. The challenge is, as Dunker (1945, p. V) states, "to study in simple, convenient forms what is complicated and difficult of access is the method of experimental science; to lose in this simplification just the essential aspects, is its notorious danger." The purpose of this research paper is to review and identify various elements about leadership and leadership behaviors and examine them in relation to functional fixedness and the creating of strategic directions. The human behavioral phenomena of "functional fixedness" has not been integrated into, or looked at vis-à-vis, the leadership literature nor into the strategic decision literature. Yet working on the supposition that many leaders do not enact strategic directions that move their organizations ahead of their current positions, it is hypothesized that the literature on creativity as well as the literature on functional fixedness could expose one, of many, important ways in which leaders may not live up to their potential, or may even fail as a leaders.

### **Functional Fixedness**

Carl Dunker and Lynne Lees completed and published a psychological monograph entitled "On Problem-Solving" in which an extensive examination of various problem-solving concepts is provided. Of particular importance here is the concept of functional fixedness. Fixedness is a thinking way in which

many possibilities are not considered because of some previous way of thinking about what is at hand. The most common of the fixedness types of thinking is in functional fixedness. This basically means that when a person has seen or believes a thing to have a particular function, or to be used in a particular way, then the function for which it is known to the person is the basic function the person sees it as. Furthermore, even in the situation of many possible other functionalities, the primary one is the one that gets the attention. When faced with a new decision problem (or just when faced with a decision problem), the idea to use something or do something in a different way is not forthcoming. Thus, the term functional fixedness. One's thinking about the possibilities becomes rather "fixed" or rigid. Thousands of research articles have cited Duncker and Lees' original monologue as researchers see interest in how people think about things. One finding, originating out of the first research and continuing to be supported, is that when people experience "tools" being used in a particular function, those "tools" are learned well for that particular function. However, when faced with a new problem for which the previous tool may be helpful, or functional, it is not as easily "thought of" or used by a person exposed to the previous function compared with people not exposed to the previous functions. Duncker and Lees (1945, p.87) found that the objects which were not fixed were almost twice as easily found, as solutions for problems, as compared with objects that were fixed.

## Leadership

*"If your actions inspire others to dream more, learn more, do more, and become more, you are a leader."* - John Quincy Adams.

Dawson (2003) sees three demanding and powerful elements to what he calls a leadership point of view: "1 Seeing what needs to be done 2. Understanding the underlying forces at play in a situation 3. Initiating action to make things better." (p. 4). According to Dawson's work, effective leadership involves taking a "leadership point of view" to things. This point of view, as indicated above, involves *initiating* action. Importantly, this is contrasted with other points of view that people in leadership positions might take such as the "administrator's point of view". In the administrator's point of view the language that might be used includes such things as "what did they do last time?" and "let's see, what is the rule on that?" and "We've never done it that way." This language shows the type of person who, in my words, may actually welcome functional fixedness. When faced with an ambiguous problem of providing leadership and strategic direction to an organization, some in the leadership positions may decide that it is easier to just keep things going along the way they have been going. For some reason, these leaders may not be able to see the need to change as the competitive environment changes around them. Contrast this with the leader as defined by Adams and it becomes apparent that "initiating actions that inspire people to dream more, learn more, do more and become more" is a central characteristic of a "leader."

Functional fixedness in people in leadership positions leads to less effective leaders as these people are limited in vision and in initiating actions that inspire others. However, recognizing this and advocating for initiating actions has several positive effects on leadership decision making, especially in the important area of strategy.

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