

---

## **Editorial: Human rationality**

---

**Thow Yick Liang**

Lee Kong Chian School of Business,  
Singapore Management University,  
50 Stamford Road, 178899, Singapore  
E-mail: tyliang@smu.edu.sg

---

According to neuroscientists, human beings are fundamentally emotional (in particular, phobic) organisms that can also manifest rationality. The dominance of the amygdala and the late development of the frontal cortex in the human brain are natural biological characteristics of all human beings. In this respect, most human beings are not genuinely rational at all times, and consequently the market does not know best. In 2008, the financial crisis was ignited by the sub-prime issue that reflects the above observation. The desire to optimise short-term gains and the fear of being losers in the housing mortgage competition is the primary cause of the sub-prime problem. Therefore, human beings are not always smart evolvers.

Currently, human beings are becoming better and better educated, especially in the more developed countries. Many countries are beginning to recognise the value of highly trained and sophisticated knowledge structures embedded in the brains of experts. Together with the swift development of information and communication technology, in particular the e-landscape and wireless connectivity, human beings can be updated with information at the speed of light. The human world is becoming more and more complex, and the adaptive dynamic is also increasingly more sophisticated. A basic recognition in complexity theory is that the rate of increase of complexity cannot exceed the rate of increase in connectivity otherwise, the system concerned will disintegrate. Consequently, the human world and in particular the mental space of many human beings is moving constantly into the edge of chaos.

In this perspective, is an appropriate management and leadership a key decisive factor for nurturing any competitive and sustainable human organisations? Nurturing high collective intelligence in an organisation with interacting agents that are fundamentally emotional in a complex and fast changing environment is definitely a formidable challenge. Historically, the sustainability of humanity and its organisations appear to depend critically on the direction indicated by great leaders. Today, many human organisations, in particular, nations are encountering political leadership crisis. The survival and competitiveness of human groups of different sizes from small and medium enterprises to multi-national corporations to nations are awaiting the emergent of a new breed of leaders and managers that can move human organisations with better unison.

Rationality and quality knowledge of interacting agents are closely associated with the acceptable traits and characteristics of leadership and management. As the younger generations mature, the boundaries between leaders and followers are becoming even fuzzier. Concurrently, the roles of leaders and managers are also becoming more

integrated. The mindset and dynamics of humanity are definitely changing at all levels. These are critically essential attributes for nurturing highly intelligent human organisations. In addition, nurturing smarter evolvers and better emergent strategists is equally vital. This journal aims to share and provide a better comprehension of this vital issue that all of us are confronted with, now and in future.