

SENSE MEANING AND LOGIC

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SENSE-MAKING

- Is the basic objective of cognitive activity
- The basic nature of *sense-making* and the requirements for sense-making

If something makes sense it means that I understand how it works in its appropriate context – it could be a word in a sentence, a strategy in business context, an accounting policy, a concept such as vesting in the context of employee benefits or a measurement framework such as the balanced scorecard in the context of performance management or sustainability in finance or environmental sense. (provide several examples: i) CIMA Interim Assessment November 2013/ May 2014 answers to q1a P's Diamond). In other words there is a certain logic that I have grasped - the subject fits with my idea of how the world works. (*The implication for teaching is that the teacher must engage students' prior knowledge and understanding of how the world works in a particular domain e.g. sports.*)

Therefore, sense-making requires a **context**. Why is that and what does the requirement of context imply for the learning process? Sense-making is in essence pattern recognition and matching - this implies new knowledge has to be integrated with the old knowledge based on links established between them during the cognitive processes of **attention**, **activation** of prior knowledge and **rehearsal**. Through a process of rehearsal that takes place in working memory new knowledge is integrated with activated prior knowledge to form elaborated schemas. The schemas are then stored into long-term memory through a process of encoding. At this point we have reached closure on the cognitive process – we are satisfied and we say it makes sense! All questions answered, all conflicts resolved.

So what part does context play in the sense making process? Context plays three parts:

- Limits the scope**: so when we talk about “vest” or “vesting” we make sense of the word depending on the context. If the context is employee benefits then we know we are talking about benefits, rather than clothing.
- Suggests or sets the terms (or reference)**: the terms help with sense making e.g. in the case of “vesting” the terms are that benefits vest if employees are entitled to them when they leave. This is significant in making sense because it explains why accrual accounting recognises benefits that vest – obligations such as leave pay and pension accrue to the entity based on the qualifying period of service. By contrast benefits that don't vest do not give rise to an obligation. For example, sick pay is an example of a benefit that does not vest and therefore no accrual is made for sick pay.
- Sets clear performance objectives (functional or utility sense making)**: these are essential because sense making is about seeking coherence and consistency. Coherence suggests integration of the elements required to achieve the objective. Thus a corporate reporting policy for achieving environmental responsibility would make sense if it is coherent – is inherent to strategic planning, is reflected in financial planning, management information reflects it so it is monitored and evaluated and accountability information in corporate reports reflects it for the benefits of stakeholders.

- Levels of sense making
 - i) Literal sense
 - ii) Interpretive sense
 - iii) Applied sense
- Relationship to **semantic memory**
- Relationship to meaning

- Relationship to logic

DISCERNING MEANING p 245, bldg expertise;

- The ultimate aim of cognitive activity: deeper understanding and implications for behaviour
 - i) I read a novel and understand its meaning if I can discern its insights and consider its implications for my conduct, action, etc
 - ii) I read about the global warming and understand its meaning if it influences the way I vote, etc
 - iii) A stakeholder concerned about green issues reads the corporate report and decides to act by influencing other shareholders to vote to demand more action (activates *Mendelow's* matrix)
- The requirements for discerning meaning
 - i) Experience: relate to prior knowledge and infer (transfer) – experts can discern deep meaning because of their deep knowledge and experience in organising, classifying, evaluating and applying knowledge.
 - ii) Judgement:
 - iii) Analysis: break down data, events, activities to identify relationships, gain insights, understand priorities, causes and effects, etc and decide action, predict outcomes, identify missing links, evaluate outcomes, select the relevant policy, strategy, product, financing, etc.
 - iv) Knowledge:
- The basic nature of meaning
- The levels of meaning (*concentric circles*)
 - i) Context (temporal or past, completed event – no current or future import;)
 - ii) Interpretive (derivatives)
 - iii) Applied meaning (relevance and influence on behaviour e.g. effect of future economic trends on voting behaviour)
- Relationship to **episodic memory**
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