

PRACTICAL WISDOM

INDIVIDUAL RESPONSIBILITY AND SYSTEMIC SOLUTIONS

Response to Robert G Kennedy and Domènec Melé:

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A short scene a few weeks ago with students of our Campus-academy: Speaking as a former secretary of state, currently an editor of newspapers, on decision making and ethical attitudes of politicians, a prominent journalist stressed an astounding characteristic of ethical attitudes: “What if it gets published?” In other words: Will my behavior or my decision be accepted in the public domain or do I have to be ashamed or judged or punished?

Quality of ethical decisions and actions in contemporary world

Evidently it's not quite the same, as Kant meant with his categorical imperative, which is valid everywhere and at all times, even if no one takes notice of the action. Underlining the importance of exposure, the publisher exaggerated, when he wanted us to know: neither practical wisdom is ruling or the high moral standard of political or managerial decisions nor the interest for the common good or welfare. The criterion of acting is not the ethical approach, but fear of adverse publicity and loss of image – a very skeptical and extreme point of view, disillusioning to everyone who wants to be governed by the moral elite. The emphasis of that statement is quite clear: regarding public charges we have to care for instruments of control instead of confidence. It's a very dark picture of postmodern society and human relationships that seemed to become evident especially in these days of the worldwide economic crisis. If you ask anyone in Germany what causes that crisis, you would receive this answer: “the greed of managers”. A tremendous lack of personal responsibility, practical wisdom and ethical decision-making not only among managers, bankers and brokers, but I would add: it's a wide-spread mentality of avarice, self-interest and egoism. The broad-based sense of entitlement is alarming. Practical wisdom and virtue seem to be far away from the decision-making not only in business, but also in daily life and in human relations - though 2000 years of Christianity.

As Melé indicated, the artificial position of Logical Positivism is “the elimination of values in management sciences” (Simon) and the “the radical separation between facts and values” (cf. Freemans “Separation Thesis”). But I agree with Melé that technically the ethical dimension can be neglected, but not eliminated. That's where we have to focus: to understand human action in its full meaning -- on doing instead of making. That distinction stresses the more personal dimension of human action, and integrity is a primary requirement, when we talk about managerial and political decision-making. A leadership personality is needed in politics, economy, science and society, meaning the integration of practical wisdom in action, acting in awareness of common ethical standards and the individual transcendent values, which touch Truth (someone may associate “caritas in veritate”).

Good life - motivation to good action

That's why I appreciated very much the two lectures on practical wisdom and why virtue matters in business, presented to us by Robert G Kennedy and Domènec Melè. And I would like to give importance to the very starting point, when Kennedy quoted Aristotle, underlining that practical wisdom (not only *fronesis*, but also *sofrosyne*!) is needed, the ability to "deliberate well about what is good and expedient . . . , about what sorts of things conduce to the good life in general." Everyone has an idea what constitutes the good life he is seeking. The end determines the means, "the good as the object in action". And the truly practical person will expand "the ability to think well about the integration of real goods into the larger context of a good life", not as only individual, but common elements of a good life. When Kennedy says, "such an inquiry was the calling of each person and a noble objective for philosophy", that reminds me, what Pope Benedict called the "vocation" of human being and human society: the transcendent truth of man and humanity, which gives plain value to every development of the human person and society. .

The good life in general is a common objective of practical wisdom, as I agree with Kennedy, and "can be described in many imposters that are embraced by different societies and different cultures in different times and places". I argue – in contrast to Kennedy – that in these different inquiries the same transcendent values express themselves to the degree there is acceptance, peace, justice, freedom, love, community, eternity. I maintain: the end is the same, but the means to reach it, are different or incomplete, according to the different cultural perspectives: possessing or donating (cf. *Caritas in veritate*). In our materialistic culture in the Western world the tendency of possession prevails, but everyone knows the inherent law of "The More": The more you get the more you want. In Christian perspective: "*Our heart is not quiet until it rests in you.*" (Confessions, Saint Augustine).

The same in *relationship*, which can be considered instrumentally, as possession or area of power, but the experience of true, personal, mutual love or community is deeply considered as anticipation of eternity - according to Nietzsche ("all joy desires eternity").

The same regarding *freedom*, which is according to Kant not only freedom from something, but freedom in order to do something: getting or donating, which may be practised also in unfree conditions. *Amo, ergo sum*. According to Sartre the other is the restriction of the proper freedom, but human experience affirms that man becomes more himself in relationship to the other person ("*Ich werde am DU*": Dialogical Personalism). Personal identity grows in personal encounter. That experience is not limited to religious people. The same with work: even if the dominant mentality is more oriented to "making", everyone loves to feel good at work, regarding the process of acting. That depends on relationships among the employers, the working atmosphere, transparency and justice, flat hierarchies, estimation, satisfaction with the results, and so forth.

I don't see "dramatic differences" between Western culture and Catholic tradition, because also humans in the Western World have a vocation to exceed and transcend the materialistic world, but maybe not the right vision and methodology or instruments to do so. Modern thinking might have a defection of seeking the good life, but it has in itself the potential to develop the inherent "vocation" to a good or better life beyond self-referential attitude. In other terms: there is not necessarily a contradiction to modern thinking, and Christian values may impact modern

business and managerial decision making to be directed to the good life in general, as Christians think.

Integrating practical wisdom – a proposal for systemic solutions

What does all this mean for organizations and management professionals? Assuming responsibility not only for an individual life, but for an organization, a community or company etc requires leadership integrity and “managerial prudence” (Kennedy). Who wants to (or must) lead, has to comprehend (or at least has to have an idea of) the end and the means: the good life in general and how to transform it into action – as good as possible. That’s the question of human maturity, social competence, and ethical quality – prudence.

It’s astounding what Aristotle and Thomas Aquinas have to say also today regarding practical wisdom and ethical decision making, but my question is, where to find these persons and organizations, who act according to those high ethical standards? Isn’t it the self-interest, personal or organizational, which dominates over all? Instead of considering the virtues of an individual acting alone, which could place excessive demand on an individual, not supported by a system of organizational values, we should reflect on how to implement systemic barriers that prohibit unregulated profit seeking and unjust enrichment.

I trust more in guidelines for corporate governance and business management, negotiated environmental agreements of acting according to ethical standards, social responsibility and sustainable production and economic activity, verifiable codes of conduct for every staff member: these seem to me to be systemic effective instruments in order to implement rules of ethical conduct and create a climate of best practices for the common good.

I propose the launching of a *seal of ethical quality*, a kind of certification, that a company, a bank or organization is observing certain well defined ethical standards. For example:

- Knowledge and practise of ethics have to be integrated in the *formation and education process* of managers and business people. As former rector of a priest seminary I call for a holistic and integrated formation of the personality instead of the restriction on abilities, methods, skills and facts. Ethics must be considered as a constitutive subject in business studies, and social commitment and internships have to be mandatory elements of business studies. In addition to ethics-focused courses, I believe nearly all parts of graduate level business education should integrate ethics into the curriculum. Until fairly recently (the insider trading scandals of the later 1980's), there were no ethics courses in US business schools. The higher the prestige of the academic program, the more stress was placed on 'Profit maximization.'

- Companies, consulting firms, state departments and non profit organizations as well should commit themselves to an *obligatory ethical discernment* of personnel in positions of responsibility. Strong evidence of ethical attitudes and behaviour of leading collaborators should be constitutive for any appointment. Frequently, many companies search to fill top positions not with specialists such as economists, engineers or scientists, but with philosophers and humanists possessing an excellent rational and ethical background, who are experts in perceiving and analysing, discerning and interpreting, deciding and acting.

- At the same time there should be a standardised *permanent formation* for managers in ethics, which has to be implemented in a curriculum.
- Companies or organizations are requested to formulate their *business culture and philosophy*, which defines the implementation of social relationships among employers. As rational decisions are always related to human contexts, there is a demanding of awareness to the personal situation of collaborators and the observation of the effect of business decisions on clients, partners, coworkers, image of the brand and employee as well.
- Such as many US hospitals, especially academic teaching institutions now have 'ethics committees' to advise and mediate difficult cases (for example transplant, end of life, so-called 'informed consent' for minors and mentally handicapped). Why shouldn't large, powerful corporations do the same?! Surely critical decisions in medicine are at least as time sensitive as business decisions. Mark Siegler, MD, PhD, at University of Chicago, pioneered this concept already, over 25 years ago.
- An officially accredited agency has to control the ethical standards and awards the seal of ethical quality. At the same time there should be advanced the censure of companies or banks, which violate common moral standards: selling weapons in areas of war, trading with dictators, causing environmental damage, utilizing child labour, paying dumping salaries etc.

Conclusion

A friend of mine told me: one of his former students came by, but wanted to discuss his possible plan to leave a top spot at worldwide operating consulting firm. Struggling recently with a difficult moral decision, a senior manager snapped, "We don't have much time for compassion around here." A decision was wanted about what they 'had to do', not what they should do... That's my simple conclusion: Yes we need more practical wisdom, not only to talk about, but in real life and under the conditions in the real world of economy, politics, society. In these contexts our discussion, our concern and our values are extremely needed and requested. It's our task as Christians and Catholics to share our convictions and practical wisdom.