

# **PRACTICAL WISDOM AND THE PRACTICE OF BUSINESS: WHAT CAN WE LEARN FROM MACINTYRE**

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In this paper, I will set aside initially MacIntyre's "critical" views of business (MacIntyre 1979) and focus instead on the ideas he puts forward in "Whose Justice? Which Rationality?" (MacIntyre 1988). By and large, MacIntyre passes a negative judgment over present economic institutions, so I have preferred to look elsewhere for his more constructive views, although these are not particularly directed to business. In so doing, I am mindful of taking at least two sorts of risks: firstly, taking snippets from the work of an author who still is, fortunately, very much alive and productive, and secondly, bringing these ideas to bear on a topic for which they were not originally intended.

A second notice I wish to post refers to MacIntyre's terminology. Above all, he uses the expression "practical rationality", which I take to be synonymous with "practical reason" or "practical reasoning", with its corresponding excellence or virtue of "practical wisdom" or prudence. As for the term "business practice", there is hardly any reference to it in "Whose Justice? Which Rationality?", as far as I can remember. The burden then lies on me to relate it to MacIntyre's concept of "practice". Although at times, my use of "business" denotes the firm or business organization, my main intention is to elucidate "business practice" or the host of activities that may be grouped under the umbrella of "doing business". Despite the slight difference between the two, the fact is that one cannot exist without the other.

I have organized this short work as follows. I begin by stating what I perceive to be MacIntyre's main thesis regarding the nature of business practice. I then proceed to explain his three-fold contribution to the understanding of practical rationality and justice contained in "Whose Justice? Which Rationality?". And lastly, I reflect on those notions of practical rationality and justice and see how they could be applied to business practice.

## I

The major lesson I draw from a reading of this text is that ethics, economics and politics all belong to the realm of practical rationality. The same may be said, then, of business, understood as a subset of economic activities referring to the acquisition or production of the material means (chrematistics) necessary for a flourishing life in the *polis* (*eudaimonia*). This means that, properly speaking, all the different activities carried out under the guidance of disciplines such as ethics, economics and politics –including business— ought to be considered as instances of *praxeis* or "practices". Since Aristotle, we have been afforded the interpretive keys to understand *praxeis* through its triple opposition to *kinesis*, *theoria* and *poiesis* (Metaphysics 1048b; Nicomachean Ethics 111a, 1139a-b, 1174a, 1177a; Politics 1254a).

In the first case, *praxis* stands for "perfect movement", one in which the beginning and end of movement lies in the same subject, while *kinesis* stands for "imperfect movement", one in which the beginning and the end of movement refer to different

subjects altogether. *Praxis* occurs instantaneously, whereas *kinesis* lingers through a certain duration or period of time. In the second case, *praxis* stands for “action”, and *theoria* for “speculation”. *Praxis* indicates a change that human beings freely and rationally introduce in the world, here and now, while *theoria* means that they simply reflect on reality as it is, grasping its essence without modifying it. Lastly, *praxis* as doing is opposed to *poiesis* or making, just as the excellences associated with each, prudence (*phronesis*) and art (*techne*) respectively. In *praxis*, the emphasis lies on the subjective results of an action on its agent, while in *poiesis*, on the objective results or external products. Therefore, we can infer from the foregoing –and MacIntyre would agree– that in ethics, economics, politics and business human beings engage in *praxis* bringing forth concrete changes in the world. In examining those activities, however, we should pay more attention to the subjective changes or goods internal to practice (habits or reinforced tendencies) agents have developed than on external outcomes or products.

## II

If I understand MacIntyre correctly, his principal contribution consists in elaborating further on this basic intuition through three main commentaries, drawn from his particular insights into the history of Western Philosophy. I shall now proceed to explain this series of observations.

First, in order to have practical rationality or its corresponding virtue of prudence, one needs to have the virtue of justice. But the reverse is also true: one could only have the virtue of justice if he possessed practical rationality or prudence. There is, therefore, a relation of biconditionality between prudence and justice, such that one either had both simultaneously or none of them at all. It is just not possible to have one without the other.

According to MacIntyre, this statement flies in the face of the position adopted by Thucydides: “*arete* [justice] is one thing and practical intelligence quite another and their conjunction is merely coincidental; there is only as much justice and the kind of justice to be had in the social world as the strong and powerful allow there to be; and rhetorical deliberation [prudence] as practiced by those who had learned from Gorgias and his pupils is the best way for human beings to answer questions about what to do” (MacIntyre 1988: 69). In other words, Thucydides upholds that “the goods of effectiveness are bound to prevail over those of excellence and the goods of excellence will be prized only insofar as the goods of effectiveness permit them to be” (*ibid.*). Plato, for his part, made it the object of his life’s work to deny this thesis, elaborating a theory of human flourishing in which the goods of effectiveness are clearly subordinated to those of excellence. In so doing, however, Plato may have overshot his mark, by in effect identifying rhetoric –which stands for prudence and effectiveness– with ethics –which stands for justice and excellence–. There is only room for a single kind of rhetoric, one based on the ideal world of Truth, Goodness and Justice, and there is no place at all for appeals to contingent realities nor fleeting emotions in arguments. In the end, it is Aristotle who strikes the golden mean by recognizing the status of rhetoric as an art (*techne*) which nonetheless ought to be subject to ethics and politics. As an art, rhetoric by itself seeks effectiveness, but its object should be supplied or determined by ethics and politics, which pursue excellence or justice. In disengaging it as an art from ethics and politics, Aristotle allows for a kind of rhetoric different from the one envisioned by Plato and closer to the one taught by Gorgias. Nevertheless, he

was unflinching in his resolve that rhetoric be guided by truth and justice. Although goods of effectiveness are indeed means to the ends of goods of excellence, they are never indifferent nor purely instrumental but partially constitutive of those ends.

The second part of MacIntyre's teaching refers to the fact that there could be no practical rationality nor justice outside of a sociocultural and historical context. These "communities of shared belief" (MacIntyre 1988: 3-5, 8-9), which provide a home for the practices that instantiate prudence and justice, have taken on different forms varying with time and place. Among them are the Aristotelian *polis*, the Christian *ekklesia* and its Augustinian variant, the *civitas Dei*. They represent specific ways in which life in common can be institutionalized through particular hierarchies of rules, virtues and goods (MacIntyre 1998b, 1998a). At their strictest, rules are absolute norms or exceptionless prohibitions regarding certain actions deemed intrinsically evil, corrupting or debasing. Goods designate permissible actions along a scale of better or worse. And virtues bespeak of habitual or permanent dispositions in the subject or agent to act in a certain way, observing the proper rules so as to attain the expedient goods. Virtues are the excellences or perfections proper to human beings.

An obvious counterpart to this assertion is that outside the community, as a pure individual, a human being is incapable of realizing acts of virtue. But not only that: although purportedly freed from social bonds, human beings actually degenerate into the worst of animals in the apolitical state. There is no criterion external to the community by which the prudence and justice of an act may be determined, because the prudence and justice of an act precisely refer to its performance by a member of the community as such.

The third principle we learn from MacIntyre indicates the relationship between practical rationality and justice, on the one hand, and tradition, on the other. Both practical rationality and justice are never independent of tradition: they are constituted by means of a tradition and they themselves constitute a tradition.

Practical rationality and justice do not exist in a void; rather, they –their concepts, practices and institutions– are always embedded in a tradition. Tradition signifies "an argument extended through time in which certain fundamental disagreements are defined and redefined in terms of two kinds of conflict" (MacIntyre 1988: 12): external and internal. External conflicts are those which occur among those who come from different traditions, while internal conflicts, among those who inhabit the same tradition. Rational inquiry, understood as development and progress within a tradition, takes place in the measure that participants are able to distinguish between what is apparently good and what is really good, between what is good here and now and what is good absolutely. This path that leads to the perfection of knowledge, when the *arche* or *telos* of a topic is fully possessed. Only at this stage will it be possible "to deduce from it [i.e., the *arche* or *telos*] every relevant truth concerning the subject matter of inquiry; and to explain the lower-order truths will precisely be to specify the deductive, causal and explanatory relationships which link them to the *arche*" (MacIntyre 1988: 80).

In light of MacIntyre's teachings regarding practical rationality, justice, their historical context and tradition, what useful insights could we draw for the practice of business? I would venture to present three and explain each of them in close connection to the tenets he has expressed.

The link between practical rationality and justice mirrors that between effectiveness and excellence in business. By "effectiveness" we mean the conventional standards of success, such as profits, share price, market share, innovation and so forth; and by "excellence", the virtues people develop with the support of the firm. Although ideally, that is, in principle and in their perfect state, effectiveness and excellence in business require each other, outside of these cases—in other words, most of the time and in most places—they do not. Instead, either effectiveness and excellence are often in conflict or one is confused with the other.

Both effectiveness and excellence represent goods, but while goods of effectiveness are desirable only with respect to others, goods of excellence are desirable and perfective of human agents—in this case, business people—in themselves. We therefore have need of a business rhetoric of the Aristotelian kind to convince ourselves and others of the superiority of excellence over effectiveness. For this we have to employ not only rational arguments (*logoi*), but also appeals to our listeners' emotional states and dispositions (*pathos*) and most importantly, to the character or personality (*ethos*) with which we present ourselves. Integrity of character is what people find most convincing. No doubt a certain level of goods of effectiveness is necessary in order to aspire to the goods of excellence and achieve them, yet under no circumstance should goods of excellence be sacrificed in favor of goods of effectiveness. Then prudence would be replaced by cunning and justice would have altogether disappeared. At that point, business would do more harm than good and it would be better if it did not exist at all, success and effectiveness notwithstanding.

Secondly, that both practical rationality and justice require a political institution in order to materialize and flourish translates into the need of business to be embedded in society and put at its service. How are we to integrate business within the architecture of the *polis* and analogues?

Business practice could be identified with what the ancient Greeks called "chrematistics", the art of acquiring or producing the external, material means necessary for a flourishing life. There is a proper and an improper way of practicing this art: proper when one recognizes a limit to acquisition or production, and improper when one does not. This limit, however, is not to be found in the nature of the external, material things in themselves, but in the internal dispositions or desires of whoever acquires or produces them. More is not necessarily better. The accumulation of unnecessary things is a hindrance, not a help, to a flourishing life. But the fault lies not with the material things in themselves, but in the vice of *pleonexia* or graspingness, which consists in wanting always more, even beyond what is necessary.

In turn, chrematistics is subordinated to the art of use, which similarly divides into the proper and improper. The proper use of external, material objects takes into account their end, for example, the wearing of sandals to protect one's feet, while their improper use does not, as the lending of money to charge interest, which was always considered usury in the primitive financial system of the pre-modern world. Both chrematistics and

the art of use fall under the realm of the economy or “domestic administration”, which oversees the external goods or material resources needed for a flourishing life in the family home. The economy, then, is in itself subject to ethics, which covers the internal goods or virtues, and together, they lie under the competence of politics, the supreme science or knowledge concerning human happiness in society.

Thus, business should not be conceived independently of society nor people involved in business considered as abstract individuals. Business forms part of a hierarchy of practices, disciplines and institutions –with their corresponding rules, goods and virtues— leading up to the overarching aim of a flourishing human existence in society. Furthermore, people engaged in business, at the same time, fulfil other fundamental roles: they belong to families and are citizens of their respective states. Business practice could only be deemed good and just insofar as it respects this social architecture. It is not simply a matter of effectively producing goods and services that satisfy consumer wants and desires at a profit. Business should also promote goods of excellence or virtue among different stakeholders.

Finally, what consequences can we draw from the mutual dependence among practical rationality, justice and tradition for business practice? Although the basic social structure or the hierarchy of institutions does not change, the concrete formulas businesses may take are contingent. They are accidents of time and place. There is a constant need for dialogue, therefore, among the people who partake in a business to decide what to produce, how, at what cost and amount, when and where, and so forth, in order to meet society’s demands as well as their own, given limited resources. But this discussion will only progress and bear fruit if all the parties agree on what human flourishing is and are strongly committed to it. This evolving vision of the good life for human beings acts as the *arche* or *telos* that guides their inquiry, providing the light to overcome conflicts, both internal and external and the ultimate justification for their actions.

Precisely because neither this good life nor the distinct form and purpose of a business is set in stone, human beings are endowed with freedom, reason and language in order to figure these things out for and among themselves. Equally important, however, is the participation by all people involved in the enterprise in accordance with their nature as free and rational beings. This does not mean everyone should wield the same amount of power nor do the same things in the same way. The manner in which every person participates and contributes to a business is itself subject to negotiation. What is not negotiable, though, is that some people act as mere mechanical executors of what others have decided. That would be reducing them to the status of slaves, for it deprives them of exercising their freedom and creativity. The reason behind this, of course, is that only through free and meaningful action –in business, primarily through work– could human beings acquire for themselves the goods of excellence or virtues.

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If business is indeed a practice, then MacIntyre reminds us that it must have its own goods to pursue, rules to follow and virtues to develop. Like all practices, it must have its place in a structure, which is both web-like and hierarchical, composed of many different institutions. The overall framework is analogous to the Greek *polis* in that it provides a context within which human flourishing could be achieved, the contingencies

of time and place notwithstanding. All of this ought to be taken into account before any judgment regarding the prudence or justice of business practice could be meaningfully issued.

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