Wirtschaft – Organisation – Personal
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RESEARCH

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Practical Wisdom and Diversity

Aligning Insights, Virtues and Values

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Wirtschaft – Organisation – Personal

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Preface


COLLECTING DIVERSE IDEAS OF ALL AUTHORS
REFLECTION ON CHANGES AND TURBULENCES IN SOCIETY AND BUSINESS
DEALING WITH INCREASING DIVERSITY
SOLUTIONS FOR MANAGING CHANGE
COMBINATION OF PRACTICAL WISDOM AND DIVERSITY

On 23rd June 2016, the authors of this volume met for a conference to discuss their project "Practical Wisdom and Diversity". It was the day before the Brexit referendum in Britain and being dedicated Europeans, we were all certain that common sense would win and the British people would make a wise decision and vote for REMAIN.

Waking up the next morning, we were shocked to find that Britain had decided to leave the European Union. So much for wise decisions. The impact of this event, however dramatic it appeared at the time, further convinced us that there is a true need for our research of Practical Wisdom in society, organisations and politics.

In times of change and turbulences, when tried and tested systems seem to fail and uncertainty and ambiguity influence and determine our lives to a large extent, orientation is needed. It is human nature and part of socialisation to act and interact in structured settings with rules that provide stability. In addition, we need freedom to develop, to find our place in the structure and feel comfortable and appreciated.

Our society presents itself as an antithesis to the above: everyone is swimming on his/her own in a vast ocean; there is no orientation, no anchor, no life boat in sight. We can frantically tread water and hope that a large piece of debris that we can hang on to comes floating our way, we can wait for someone to come to our rescue OR we can take action by reflecting our situation and developing ways out of the dilemma, i.e. constructing our own life boat made up of virtues, values and the belief that the ultimate requirement for society is the common good. As the captain of our vessel, we must rediscover and apply ancient values which have disappeared in times of change. Instead of reacting, we must act, instead of being driven by fears and pressure, we must trust ourselves and believe in the power of common sense or Practical Wisdom in the Aristotelean sense.

One small vessel and one captain is not sufficient to weather the storm currently blowing in many areas of life – business, environment, politics, society – we need a crew made up of individuals who have many different talents and skills.

This is where the aspect of diversity joins Practical Wisdom, a combination which is going to be explored by a diverse team of authors for the first time.

Just how significant diversity is, was illustrated by the failed coalition talks after the general election in Germany in September this year. A so-called "Jamaica-Coalition", comprising Christian Democrats, Greens, and Liberals, could have been a positive political example of diversity, but it has become a symbol for divergence and wasted chances. As far as we see it, this kind of behaviour goes against the moral and ethical principle of acting for the common good. The coalition talks and the outcome are a prime example of a narrow-minded perspective which exclusively pursues party interests. This, to our mind, is inadequate when it comes to facing and providing solutions for the challenges of diverse environments. Furthermore, it could be interpreted as irresponsible behaviour, which to some extent, resembles the tendencies in large corporations. Maximising profit while neglecting their responsibility to create a sustainable business environment goes against the any logical principles. Which role does diversity play in all of this?

In a society, diversity leads to change and this needs to be managed. In general, Diversity Management focuses on the pluralism of an organisation's members. In detail and its practical implementations, Diversity Management concentrates on six main dimensions, as there are age, gender, religion, ethnicity, sexual orientation, and disability. In our book, we are going to go beyond merely analysing the six above-mentioned characteristics. The way of dealing with the topic we chose is a diverse one in itself, reflecting our varied individual backgrounds.

In line with our ideas and beliefs, we offer a holistic approach that includes theoretical and practical implications. We perceive Aristotle's intellectual virtues as a lens through which various topics are discussed and evaluated. One of our main objectives is to bridge the gap between theory and practice. At the same time, we want to give implicit and explicit insights into Practical Wisdom.

First of all, there is a thorough theoretical overview of the origin of Aristotelean intellectual virtues as well as insights into the connection between Practical Wisdom and Diversity Management.

In the second part four topics focusing on Practical Wisdom and / or Diversity Management are presented: diversity dimensions (e.g. culture, age), higher education, change and leadership, journalism, and business ethics.

We are aware of the most obvious fact, that our diverse and at the same time individual approaches and thoughts do not represent *the* moral and ethical truth – it would be extremely unwise to try and meet this objective. We would like to invite our readers to join us on our diverse life boat, equipped with Aristotle's thought virtues as a navigation device, to rediscover ancient tools, to understand their value for today's tasks, and to use them to make wise decisions which benefit both the individual and society.

Enjoy the journey!

Martina Stangel-Meseke

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Aristotle on Happiness, Emotions, and Practical Wisdom – A Short Reading Guide

Jan Radicke

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1 Introduction

The lectures Aristotle (384-322 B.C.) gave on practical philosophy more than 2300 years ago are an impressive testimony to early European thought[1]. They are the first systematic outline of political ethics left to us. Many things have changed in our world since then and much knowledge in the field of natural sciences has been added and is being added every day, but the fundamental question as to the meaning of life still remains the same; how to live our lives in a happy and a dignified way.

Obviously, the question is difficult, and any answer – as pointed out by Aristotle – can only be approximate and is based on several, ultimate moral premises, which by definition defy any further logical justification. This is why moral philosophers have directed their thoughts not only to the question of happiness and the meaning of life, but also to these premises and how to justify them. As one might expect, their answers widely differ. There are two main approaches to resolving the difficulty of the "ultimate justification". One school of thought is exemplified by Immanuel Kant, who leaving happiness alone, answered the question of how to live virtuously by formulating his famous general ethics rule, the *categorical imperative*, which he found through introspection[2]. On the one hand, its highly abstract nature and lack of reference to any specific standard is its greatest strength, because most people understand it to be self-evident; but at the same time, it is also its greatest weakness since it does not provide any help with how to lead a life of happiness and leaves us completely in the lurch

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[1] There are many studies on Aristotle's ethical theory and companions on the Nicomachean Ethics. Cf. in recent times: Bormann/Schröer, 2005; Miller, 2011; Rapp/Corcilius, 2011; Trewet, 2011; Echeňique, 2012; Radke-Uhlmann, 2012; Shields, 2012; Polansky, 2014; Hardy/Rudebusch, 2014; Mesch, 2015; Scott, 2015; important older contributions: Hardie, 1968; Bien, 1973.

[2] Cf. I. Kant, Grundlegung der Metaphysik der Sitten, p. 51 (Frankfurt edition): „Handle nur nach derjenigen Maxime, durch die du zugleich wollen kannst, dass sie ein allgemeines Gesetz werde" or „Handle so, als ob die Maxime deiner Handlung durch deinen Willen zum allgemeinen Naturgesetz werden sollte."

when it comes to the many situations of daily life which do not strictly fall under any rule of ethics. For such questions as, "Shall I wash my car today or read a good book instead?", Kant's bloodless maxims are of no use at all.

Therefore, many philosophers have chosen the exact opposite path by starting with reality and real phenomena and then distilling from them the rules for a happy life. The strong and the weak points of this method are contrary to that of Kant. The advantage is that by relying on concrete phenomena, you can develop many precise conceptions of what a happy life should be. The disadvantage is that many of these inductions will seem subjective and even arbitrary to other people because they lack the firm basis of being self-evident.

The classic example for this practical-philosophical approach to ethics is provided by Aristotle's theory, which has been adopted or rejected by moral philosophers throughout the centuries[1]. No matter to which school of ethics one personally adheres, reading Aristotle is very instructive, because as the founding hero of logic he always makes clear what the premises of his thoughts are and argues precisely on behalf of his opinions. As a rule, Aristotle conceals nothing from his reader and, when he omits something, he always gives the reason why. This makes each of the arguments supporting his theory of a happy life understandable, even for those who do not agree with them.

Anyone who wants to know if Aristotle's ethical doctrine is still viable today should read the *Nicomachean Ethics* (NE), (if possible in the original Greek, because almost all translations tend to blur the remarkable precision) and begin a self-experiment[2]. There is hope of success if at least one of the following prerequisites is fulfilled: The reader should be of middle age and be committed to the values of western civilisation; should have some responsibility in family and society and should know the elementary forms of scientific argument (induc-

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1 On the philosophical reception of the text in the 20th century cf. Gutschker, 2002.

2 Standard edition of the Greek text: Bywater, 1894, which needs an overhaul, so already Dirlmeyer, 1960, 252; critical commentary Joachim, 1951; translations (with notes): Ross, 1954; Dirlmeyer, 1960; Bien, 1972; Broadie/Rowe, 2002; Wolf, 2006.

tion, deduction, logic). The responsible citizen is the reader for whom Aristotle wrote his ethical and political treatises, and as he himself said more than once, more for practical use than for theoretical enjoyment (1095a2-13. 1103b26-30). [If not indicated otherwise, references will be to the *Nicomachean Ethics*. The quotations are given in reference to Bekker because the division of chapters differs in German and English editions. Aristotle's *Politics* will be quoted with the addition *Pol.*]. Indeed, the benefit that can be gained by reading the *Nicomachean Ethics* does not only depend on the work itself, but also on the personal background of the reader; something I personally experienced during the two extensive readings of this book which I undertook within a span of about thirty years. My appreciation of this great text of European philosophy was equally high on both occasions, but the perspective I brought to it was altogether different on each occasion because I, myself, had changed. When reading it as a student of classics about 30 years ago, I did not lack enthusiasm and perhaps not the intelligence to understand Aristotle's arguments, but I lacked practical experience in life to understand them with heart and soul. Now, in a phase of life which antiquity regarded as the beginning of old age (alas!), many of life's experiences have left their stamp on me and many choices as how to live have already been taken. So, I felt when re-reading the *Nicomachean Ethics* that my own sense of self was somehow at stake. To quote Aristotle: "You will sooner become a good mathematician than win Practical Wisdom" (1142a11-13) – if it is to be gained at all.

In this sense, the following pages may help the reader of Aristotle's *Ethics* by presenting a basic outline of his ethical theory. By necessity, my remarks will be quite short and will provide only an abstract framework. His treatment is of course much longer, more colorful, and more diverse than my condensed notes on it. Aristotle illustrates many things (which are reduced to a mere word or two in these pages) with a host of examples. If, therefore, academic theorizing seems to be overbearing in the following short account, the blame should be laid at my doorstep. However, it has to be said, Aristotle's *Ethics* is a complex system of thought, the understanding of which requires a certain amount of intellectual effort.

2 The philosophical and historical setting

Aristotle's ethics project began somewhere between 340 and 325 B.C. A more precise date cannot be fixed (Dirlmeyer, 1960, p. 249). Historically, the NE belongs to the transitional phase from the epoch of the Greek Classic to Hellenism, which was triggered by the conquests of Alexander the Great (whose teacher, by the way, was Aristotle), and which brought about enormous changes to the Greek world. At this time the moral values of the Greek city-state (*polis*) were no longer taken for granted and became the subject of philosophical debate. Aristotle's *Ethics* account for this fact and is the last communitarian *Polis*-Ethics before more individualistic concepts like Epicureanism and Stoicism started gaining ground. In its essence, therefore, Aristotle's *Ethics* has to be understood as a conservative project, which – as we will see in the end – has some consequences with respect to the underlying moral values.

The NE is a more or less corrected script of a lecture Aristotle gave to Athenian citizens outside the narrow circle of his own philosophical school, the *Peripatos*. It is one of several treatises (*pragmateiai*) where the philosopher discusses human behaviour and social organization. To these belong the *Eudemian Ethics*, the *Politics*, and what might be surprising for the modern reader, the *Poetic* and *Rhetoric*, because these arts (*technai*) are also about men and their character (*ēthos*). Essentially, the NE treats the moral issues which relate to the individual person. It is, therefore, only one part of the practical philosophy to which Aristotle, according to his definition of man as social animal (*zoon politikon,* Pol. 1253a2-3), gives the general name politics (*politike*)[1] By singling out different aspects of human moral life and assigning them to different works, Aristotle emancipates himself from his teacher Plato, who in his *Dialogues* does not differentiate between the various fields but treats them as a unity. In fact, Aristotle's ethical project has always to be read in opposition to Plato's.

[1] Cf. the Index Aristotelicus of Bonitz s.v. politikos pp. 614b31-52

3 Premises of thought

The difference between Aristotle and Plato can already be seen when it comes to justifying moral values. In case of Aristotle, the general premises are founded on a 'weak' method of reasoning. Moral rules are not established by divine revelations or philosophical inspiration but are revealed by induction and analysis of popular moral convictions and by comparison of diverging philosophical positions (Kraut, 2006, pp. 76-95; Frede, 2013, pp. 215-237). In this kind of thought, divine commandments or ontologies like Plato's *Concept of Ideas*, on which all further ethical values are based, are strictly excluded. To give an example: Aristotle's notion about what is just and how to act accordingly does not result from a religious concept nor from an existing abstract ideal of justice (Plato), but from a discussion of the various opinions (*phainomena*) put forward by ordinary Athenian citizens and, of course, philosophers (1145b2-7). Today, a similar method of reasoning, though with reference to the entire world, is also proposed by neo-Aristotelean philosophers like Martha Nussbaum.

The difficulties and limits of ethical theory were known to Aristotle, as he himself states more than once (1094b11-27. 1104a1-10). However, in contrast to modern ethics he does not waste much energy on the matter of *ultimate justification*, but only says that scientific methods should be suited to the nature of its object (Scott, 2015, pp. 123-141). According to him, in the case of human behaviour, which is complex and depends on ever changing situations, there can be nothing as inflexible as a mathematical proof. This 'weak' method of determining moral rules via induction is attractive, especially for non-religious persons, but there are some pitfalls which will become clear further on when we see how Aristotle steps forward to justify inequality by inducing it from notions on slavery in Athens.

3.1 Structural premises

The main question raised in the NE is, "What is happiness (*eudaimonia*) and how can I lead a happy life?" Since Kant, we are accustomed to ask, "How can I act in an ethical way?" The difference between the two questions shows the difference of perspective. To Aristotle, happiness and moral behaviour are not

thought of as being in opposition, but as a unity. Acting virtuously does not mean restricting my own happiness. On the contrary, acting virtuously and being happy are firmly tied to each other. But, what is happiness according to Aristotle? With this question we are approaching the structural premises which are decisive for Aristotle's view of the human world. Aristotle speaks about *eudaimonia* in the first book of the NE after discussing various notions about it. Genuine happiness, he argues, is nothing static or immobile, like material wealth, but it is a kind of dynamic process. Happiness, as far as it can be achieved, comes from living happily.

This seems to be a truism; but it is not. First, we have to look at the Greek language to understand Aristotle better. The Greek word he uses for 'living' is *praxis* (= action) which derives from the verb *prattein* (= to act). A happy life is then identical with living happily, in Greek *eu* (= well) *prattein*, *eu prattō* meaning in everyday language "I am doing fine". Next step: Every action (*praxis*), so Aristotle, is directed toward a certain goal (*telos*). Acting means aiming at something (1094a1-5). This is implied when we use the term *praxis*. Now we are getting an important premise of Aristotelian thought which in this general form is foreign to us and has been heavily criticized. Since living is identical with acting (*praxis*), life is always directed toward an aim, and the sense of human life, that is to say, happiness, consists of realising the specific aim which lies in our human nature. In the words of Aristotle: humankind have got by nature a specific human potential (*ergon*) to be fulfilled by acting (*energeia*) in accordance with it (1097b24-28; Stemmer, 2005, pp. 65-86). Happiness is the highest objective in a hierarchy of goals, which is shown by the fact that there is nothing above it, but it is an end in itself (1097a35-97b6). A somewhat simplistic example may help to understand Aristotle's reasoning about the chains of objectives: I go to work and thus use my free time to earn money (only for the sake of argument; obviously one can also work for other reasons), I earn money to buy something to eat, I buy something to eat to keep myself from being hungry. I do not want to be hungry, because it obstructs my happiness.

In Aristotle's system of thought, the *telos*-structure of human life is an important formal premise because it lies at the basis of human happiness and the

good life. Being human implies that by nature (*physis*) one has specific potentials (*dynameis*), and if you want to attain happiness (*eudaimonia*), you have to realize (*energein*) them. All this sounds demanding, but *nota bene*, Aristotle's writings are not the word of God; nobody is forced to lead a good life and, moreover, nobody is forced to lead it in the way suggested by the philosopher. Aristotle would only claim that his views on the nature of humankind and happiness are derived through scientific method, that they are in themselves coherent, and that they can help to lead a happy life. If the precepts are right, he says, it would be silly not to live by them. Obviously, as in many other ancient moral theories, ethics, happiness, rules and knowledge are intertwined. That human beings may behave contrary to knowledge is a thought systematically developed only much later by St Augustine.

3.2 Material premises – citizen and individual

Up to this point, we have heard much about the structure of the happy life. But what is the content of a happy life? Now we must look at the material premises, i.e. at Aristotle's definition of human nature. As usual, Aristotle starts by discussing popular views and philosophical doctrines (Plato), which he adapts and modifies. First, he places man in the cosmos between God and beast. In comparison to God, who is perfect by definition, man is a deficient creature, as evidenced by his corporeality and his final death. In comparison to the beasts, which Aristotle regards only as a living part of nature, man is defined by a surplus of capabilities, since he is able to think, to communicate through complex language, and, what is most important, to act with consciousness and determination.

Aristotle's famous definition that man is a political animal (*zoon politikon*) has to be viewed in this context and carries a double meaning. It is both negative and positive. On the one hand, man is less perfect than God, because he needs other men to survive; on the other hand, he is better off than the beasts, because he is able to participate in social interaction and can enjoy its pleasures (Pol. 1253a6-18). In this point Aristotle diverges from ethics theorists of the early modern era (and also antiquity) who postulate an original state of nature

in which everyone lived on his own accord and, thus, define human beings as isolated individuals. For the definition of happiness, the consequences of this difference are enormous and must be briefly touched upon here. First, Aristotle. Since man is by nature and definition a social animal (*zoon politikon*), it follows that he needs society to be happy (Pol. 1253a18-29). Otherwise, he would not live up to his potentials. The degree to which an individual is able to achieve *eudaimonia* depends on society.

If the society in which you live is supportive so that you are in a position to act according to your natural social disposition, your personal happiness can be great. However, if society is otherwise, then the potential for happiness is diminished. According to Aristotle, human society consists mainly of your family (*oikia*) and the city (*polis*) to which you belong. So, as a social animal it is your duty to comport yourself in a way that is congruent with being a member of a private household as well as of being a citizen. Now we come to the theories of the so-called "Possessive Individualism" (C. B. MacPherson), which have shaped the modern view on society and state. According to this theoretical construct, in the beginning men lived by themselves in a state of nature without any society or state. Man is thus defined in principle as an unsocial animal. Afterwards, the state was invented as a technical instrument to protect man from his evil neighbors, everybody behaving in the state of nature according the motto *homo homini lupus* (Hobbes). That's how the life of the Indians was viewed by the British and French colonists in America! To save lives and possessions men gave up part of their unlimited individual rights by way of a social contract. Hence, state and government were born. It is plain to see that modern political theories, too, do not work without abstract premises on human nature.

The idea of defining man in opposition to society would never have occurred to Aristotle. However, he, too, does not define man only by his social nature. At this point, a look to Plato may help to sharpen our understanding of Aristotle's position. Plato in his *Republic* (*politeia*), his *chef-d'oeuvre*, identifies man and citizen and defines happiness as purely functioning in the hierarchy of an ideal *Polis*. Aristotle, by contrast, showing himself to be more in touch with normal life than his teacher, defines happiness in two ways, thus creating a kind of

double teleology. Certainly, as emphasized by Plato, man is a *zoon politikon* living in a society, but he is also, as shown by reality, an individual person with his own specific talents and wishes. *Eudaimonia*, therefore, is to be realized not only in social, but also in private life. If you want to lead a good life, it is not enough to be a perfect citizen, but you also have to pursue your own private happiness.

3.3 Human nature – body and soul

Talk about private happiness sounds very liberal to us, and in a certain way it is. However, Aristotle has also some clear preconceptions of what perfect private happiness should look like. Though it is not excluded, private happiness in his sense is not about going to motorcar races or football games, but a rather intellectual enterprise. Aristotle develops his theory on the basis of some anthropological premises, repeatedly pointing out that his is only a rough sketch and that natural talents of men differ. He begins his speculation about human nature with the traditional dualism of body (*sōma*) and soul (*psychē*). Since the different functions of the soul sets man apart from the beast, these define the human nature (1102a16-18). High esteem of the soul does not mean that the body should be neglected, health (*hygieia*) is an important good, but since being human is defined by having a soul, true human happiness can only consist in realizing the psychic potentials (*dynameis*) in the best possible way. *Eudaimonia* is, put precisely, the right activity of the soul (*energeia psychēs*; 1098a16-17).

What, however, is the soul (*psychē*)? In *Ethics*, Aristotle does not want to discuss the nature of this 'organ', because he is interested in its functions and not its physiology. He first draws a general distinction between an intellectual (*logikon*) and a non-intellectual (*alogon*) part of the soul (1102a27-28). The non-intellectual part consists again of two parts; a vegetative part (*phytikon*) which is responsible for generation and is common to men and beasts – it is therefore left out of discussion by Aristotle (1102a32-02b3) – and an emotional part (*epithymētikon*), in which are located the feeling of pleasure and pain and the emotions (1102b13-31). The intellectual part also comprises several functions. There we find, to say it in a Kantian way, the capabilities for theoretical reasoning and

– most interesting for this book – the much-decried Practical Wisdom (*phronēsis*)[1].

At the top of the Aristotelean intellectual hierarchy stands, as was to be expected from a philosopher (a body builder would certainly vote for something else), the theoretical wisdom (*sophía*) in which the theoretical mind concretizes. *Sophía* and self-sufficiency are reserved for gods; they are not attainable to deficient human beings who can realize them at best for a short moment[2]. It is Practical Wisdom and emotions that belong to the human domain. They hold sway in the human sphere, they can be realized in a good or a bad manner, they (but also the external circumstances) decide whether a life is to be called good and happy or bad and unhappy. Since Aristotle in the NE wants to focus on the life and morals of the 'normal' citizen, he does not talk much about theoretical wisdom and its happiness. He mentions it only in the 6th and the 10th book as a theoretical maximum preserved for the philosopher, concentrating instead on emotions and Practical Wisdom; which are perhaps most attractive to the modern reader. However, the 'metaphysical' framework of superhuman wisdom as an optimum should not be forgotten.

According to Aristotle, the activity of the emotional (*epithymētikon*) and of the rational part (*logikon*) of the soul is the basis for a virtuous and happy life. The perfect functioning (*energeia*) of these parts is called virtue. A look at the Greek text shows why it is called by this name. The Greek word for virtue is *arete*, which is to be connected with the adjective *aristos* meaning 'the best'. In Greek thought virtue is always an optimum. This implies that every reasonable person will go for it without being forced. If someone does not behave correctly or acts contrary to virtue, he is at best unreasonable, if not mentally ill. The translation of the Greek *arete* with optimum needs some further explanation. Virtue is a habitus (*hexis*), a condition, of the soul, but it is not static. It is, as Aristotle says,

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1 Aristotle gives an overview of the different intellectual capabilities in 139b14-38. On nous and aisthēsis, which are not discussed here, cf. Renero, 2013, pp. 103-120.

2 On the bios theoretikos cf. most recently Herzberg, 2013.

implemented and trained by acting virtuously. So, it is rather an active psychic condition. To give an example, justice is not a title given to someone, but has to be enacted permanently. You are only righteous, if you are consciously acting in a just way and if acting so has become your habit (*ethos*). Only then you can be called a just person (1103a23-03b25).

In reference to the two main functions of the soul, Aristotle distinguishes between two types of virtues: the moral (*ethikai*) virtues and the intellectual (*dianoetikai*) ones. Both types are firmly connected with each other. You can speak of virtue in the real sense of the word only if emotions and intellect work together in harmony (1144a11-20).

4 Moral virtues and emotions

What are moral virtues, and how can they be obtained? Again, Aristotle starts by discussing popular and philosophical opinions on the issue and extracting from them what seems best to him[1]. At the core of his system lie three of the four cardinal virtues as known from Plato, courage (*andreia*), self-control (*sōphrosyne*) and justness (*dikaiosyne*); the fourth Platonic cardinal virtue, wisdom (*sophía*), being an intellectual virtue. In addition, there are several 'minor' virtues like liberality, magnificence, greatness of soul, urbanity etc., which are sometimes difficult to express, because in English, there are no exact equivalents to the Greek words. Aristotle treats all these virtues fairly extensively, thus creating an entire coordinate system of human behavior.

In this system, the virtues are a kind of golden mean *(mesotes*); a small path which passes in the middle between two vices (1104a11-27). The Aristotelean definition of courage (*andreia)* may serve as an example. Courage is to be placed between the negative extremes of daredevilry and cowardliness (*deilia*) defined in reference to it as an excess or lack of courage or, the other way around, as an excess or lack of fear. The middle position of virtue is no medioc-

[1] Aristotle gives an overview of them in NE 1107a32ff; cf. Dirlmeier, 1960, p. 313.

rity (*mediocritas*) or arithmetic middle. On the contrary, achieving it can be regarded as something of a quantum leap (1107a6-9). Aristotle knows well that men have different talents. *Non omnes omnia possunt*. A professional boxer needs other food than an average person! Therefore, when looking for the right middle you have to be aware of your own nature and inclinations (1109a33-09b7). The right mean has to be judged by the individual case and is very difficult to find (1109a24.34-35).

In general, all moral virtues refer to actions and emotions (1106b24-28). In contrast to other ancient philosophers, Aristotle regards emotions (*pathē*) as a fundamentally human quality with not only negative, but also positive effects. Accordingly, emotions should not be eliminated altogether; rather there should be limits (*metriopatheia*) to the extent to which they ought to be expressed. Aristotle was no champion of complete equanimity (*apatheia*), as was postulated by the Stoics later on. His 'soft' position on this point was heavily criticized in antiquity by his opponents, but is attractive nowadays, because his conception of happiness seems to be very humane and realistic. All emotions, Aristotle goes on to say, are connected with pleasure (*hēdonē*) and pain (*lypē*), so your soul has to be conditioned appropriately with respect to these feelings. Since the subject is dear to him, Aristotle discusses pleasure extensively twice in the NE; once in the 5th and again in the 10th book.

Emotions are first guided from the outside by education (*paideia*), the importance of which is already stressed by Plato (1104b11-13), later in life, if your education was successful, by Practical Wisdom (*phronēsis*), which defines the right middle (1107a1), or if not successful, by law. The child who itself does not have *phronēsis* will be trained to act in a moral way. Thus, certain patterns of behavior and emotion will be established that become a habit later on and shape its future moral concepts (1103a14-03b25)[1]. For example, if a child is prevented from stealing by being punished (pain), or is encouraged to imitate

[1] On the matter of hexis cf. most recently Liske, 2014, pp. 259-288; on the training of virtues cf. Anagnostopoulos, 2014, pp. 219-222.

its non-stealing parents, it will become accustomed not to steal. By internalizing this attitude, it will develop the firm moral notion that theft is something bad and will later act according to this standard. Aristotle does not talk much about this pre-rational element of moral behavior, which today is the subject of the developmental psychology. Nevertheless, it is clear that he regards education as something very important, since it establishes the moral values which are the basis for all future moral behavior. The conceptions which you acquire in childhood shape your adult life. If you do not acquire the right notions of what to pursue (*telos*) at that time, if your moral foundation is completely wrong or flawed, you cannot realize your humanness, you cannot live up to your natural human potentials, and, according to Aristotle, you cannot be happy[1]. Moreover, if you possess reason and direct it toward the wrong aims, you will be a paragon of wickedness (*kakia*). An extreme collective example for such behavior is provided by the National Socialists in Germany. A perverted set of 'values' which defined individuals as members of the 'Arian race' in combination with technical intelligence led to the monstrosity of the concentration camps.

5 The intellectual (dianoetic) virtues – Practical Wisdom

Aristotle says you should not stumble on your path toward happiness by living without thinking. You not only have to act according your emotions, but also according your reason (*dianoia*), which is a second characteristic of human nature. Thus, moral virtues, in the true sense of the word, must be accompanied by reason. Happiness needs the intellectual (*dianoetic*) virtues, especially moral-Practical Wisdom (1139a21-31), which is called *phronēsis* by Aristotle[2]. In contrast to the theoretical wisdom (*sophía*), *phronēsis* pertains to human practical life, being both about the general moral maxims and the concrete single

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1 Aristotle talks about the difficulty of changing your set of values in NE 105a1-5.

2 On phronēsis cf. most recently Wolf, 2002, pp. 140-163; Jacobi, 2004, pp. 17-38; Luckner, 2005, pp. 75-99; Wolf, 2004, pp. 39-43; Ebert, 2006, pp. 165-185; Krewet, 2011, pp. 522-531; Schmitt, 2012, pp. 31-81; Buchheim, 2012, pp. 83-101; Russell, 2014, pp. 227-241.

situations in which you have to decide how to act (1141b14-16). Aristotle gives an example of how we have to imagine the workings of *phronēsis* with reference to meat consumption. On the one hand, he says, you have to know the general rule that some meats are easily digested and healthy, but on the other hand, you should also know that chicken meat is among them. This knowledge leads to a healthy diet. That being healthy is better than being sick for Aristotle goes without saying. The word *phronēsis*, however, is not, as it may seem from this example, only a Practical Wisdom, but a moral capability. It is not a technical cleverness (*deinotēs*), but a kind of prudence connected with fixed ethical values (1144a23-36). *Phronēsis* helps you to reflect upon (*eu bouleuesthai*) a given situation and to make a moral decision (*prohairesis*) according to the principles of reason (*orthos logos*) (1139a31-39b5)[1]. For Aristotle it is most important that you decide autonomously to act on moral principles. Moral choice distinguishes the truly virtuous person from the one acting correctly, but without awareness. This person can be called virtuous only by analogy, as it is the case with children and adults who simply adopt the moral standards of their surroundings. Like the moral virtues, also Practical Wisdom does not fall from heaven. It has to be taught and trained, until it becomes a firm disposition (*hexis*). Only then, can you speak of real *phronēsis*. Needless to say, to develop this state of mind requires much time and experience.

Another example may serve to illustrate these rather abstract remarks about the functioning of Practical Wisdom in situations of everyday life where small moral choices have to be made. It comes from a letter written by Seneca to his friend Lucilius (ep. 18.1-4). Seneca talks about the *Saturnalia*, the Roman carnival, with its alcoholic and sexual excesses. He poses the ethical dilemma how a philosopher or someone living by moral principles should act in a time when public excess is justified by tradition. In Germany, everyone who is not fond of soccer will have come across this question in time of a world championship! It is a rather trivial choice involving both attitudes towards consumption and social

[1] On prohairesis cf. especially 1111b4-1112a17.

behavior. Seneca weighs up two options against each other: Either you do not participate in public licentiousness, thus showing that you do not agree with this kind of behavior, or you participate, but only to a certain extent. In the first case, you act courageously and uncompromisingly, in the second case, you act moderately and willing to compromise for the sake of social harmony. Seneca's words show that the moral choice takes place between two ethical cardinal virtues, between courage (*andreia*) and moderation (*sōphrosyne*), which form the basic premises of the moral thought. It is obvious that to make the right decision is a difficult thing and that there is often more than one alternative. In his example, Seneca leaves the decision to the reader, writing only that a courageous person would not take part in the party, a moderate one rather in moderation. As can be seen from this example, the choice you make between these two legitimate ways of acting depends on your disposition and on your inclinations. The golden mean, as Aristotle also notes, is always to be found in reference to your nature (*physis*). However, whatever your choice, it is most important that it is founded on moral meditation and that your decision (*prohairesis*) reflects your Practical Wisdom (*phronēsis*).

The example taken from Seneca refers to an individual choice, but *phronēsis* expresses itself also in a broader social context (1141b23-33). To understand this, we have to look back to Aristotle's definition of man as a social being (*zoon politikon*) whose existence cannot be thought of outside of the framework of society; that is, the family (*oikos*) and the city (*polis*) in which he lives. As we have already seen at the beginning, being human implies that you have to fulfill your social functions within your family and as a citizen (*politēs*). Practical Wisdom within the bounds of your household is called *oikonomia* by Aristotle, whereas that of the citizen goes by the name of 'politics' (*politikē*) – not to be understood in modern sense.

Based on the categories of genus (*genos*) and species (*eidos*), Aristotle makes a distinction in the field of political wisdom between legislature (*nomothesia*) and politics proper, which he further divides into acting as a public councilman (*bouleutikē*) and acting as a judge (*dikanikē*). Aristotle's method of differentiation (*dihairesis*) may seem rather meticulous to modern readers, but by this

way it is guaranteed that no civil function of an Athenian is left out. In contrast to citizens of modern states who delegate everything to professionals, an Athenian took part in political debate and decision making, actively decided by voting about important matters such as war and peace, and, could volunteer to act as judge. To sum up, according to Aristotle, individual and public *phronēsis* are both equally important if you want to lead a happy life.

6 Conclusion

True happiness (*eudaimonia*) is, according to Aristotle, an active and at times a very demanding thing. It is nothing for lazybones. It manifests itself through both moral and intellectual virtues. Its degree depends on how you fulfill the individual and public 'duties' imposed on you by nature and social status. By distinguishing between a private and a public person in reference to happiness and by giving both equal share in it Aristotle disagrees with his teacher Plato. He replaces Plato's utopian and rather totalitarian concept of *eudaimonia* by a broader one which seems more in tune with the realities of human (Athenian) life. However, there remain some notions which are highly problematic in modern thought because they contradict the principle of equality and can lead to political suppression if used mistakenly in a normative way (see also Frede, 2014, pp. 298-305).

The difficulties arise from Aristotle's supposition that happiness is possible only by degree and in steps. Most happy, as said at the beginning, are those who possess theoretical wisdom (*sophía*) which is only attainable for gods (and philosophers). The next most happy are those who in private as well as in public possess Practical Wisdom comprising all ethical virtues. Those are the happy people, but what about those, we ask, who are not included in this group and do not have a share in wisdom of any kind? Aristotle's answer to this question would be: Sorry, but those unfortunates do not have a share in happiness either. Such an answer is very elitist, indeed, but as far as the private aspect of happiness is concerned, there are no practical consequences for these persons. It becomes more problematic if we have a look at the public aspect of happiness. According to Aristotle, it consists in performing your social role as is your

due, and if you do not act voluntarily, you may even be forced to attain happiness. It may even be your role to be forced by those who claim Practical Wisdom for themselves, and thereby define what is good and bad.

Aristotle himself, when speaking about women and slaves, shows to which error of judgement or even abuse this kind of argument could lead. He attributes to women a sort of Practical Wisdom in private life, but it is nevertheless tied to chauvinistic notions of 'a female role' (Pol. 1254b13-14). In political life, there is, according to Aristotle, no room for women, as was shown to him by his experience in Athens where only men were admitted to politics. Even worse is the situation of slaves who, following Athenian practice, Aristotle excludes as moral subjects from political society admitting, however, that slaves, as human beings, can act virtuously in private life. Analyzing the factual situation of slaves in Athens, Aristotle interprets the existing inequalities not as a social phenomenon, but as natural facts. The natural role of a slave, he argues, is to be a slave and to obey his master (Pol. 1253b32-55a3). His 'happiness' consists of living up to this potential, and if he does not want to do so voluntarily, then he has to be compelled. Only in this way does a slave make his due contribution to civil society. A most horrible conclusion! However, what may be a small comfort, slaves remain human beings for whom their master is obligated to care for, both in private and in public interest. It is against Aristotelean *phronēsis* to let him perish by hunger, to treat him badly without reason, or to kill him. The premise that man is a *zoon politikon* leads to the conclusion that you have to care for your fellow human beings and society.

The strong and the weak points of comprehensive ethical theories like Aristotle's can be summarized as follows: On one side they offer, especially in the mild neo-Aristotelean form, many concrete, useful and far-reaching tips regarding the private and the social life. While looking for happiness, they do not sacrifice emotion on the altar of reason but consider both together as the basis for a happy life. Against 'overtrumping' individualism which tries to use the opportunities of political life only for its own advantage, these ethical theories (like the Christian faith) stress the importance of charity (*caritas*) and hold up the prima-

cy of reason against senseless consumption and ruthless waste of natural resources.

On the other side, inductive reasoning makes ethical theories of this kind vulnerable to misuse. Subjective analysis of factual circumstances may be presented as natural law and imposed on others.

When abused as an ideology on a grand scale, the consequences of this kind of argument are demonstrated by the history of Marxism, which in totalitarian communist states like the Soviet Union and China has led, and still leads, to the oppression and death of millions of persons who fall short of ideological standards.

To a lesser extent, the problems of neo-Aristotelean ethics also appear in normal philosophical and political discourse, when charity turning into paternalism cements a social hierarchy, and divergent thought is discredited by excluding its adherents from the 'communication community'. In Germany, for example, the subtle forms of assignments of social position and of marginalization express themselves in the language used in the debate about the welfare state and democracy. The label, *Sozialhilfeempfänger [social welfare recipients]* fixes the position in society of recipients of financial assistance; 'populists' and 'neoliberals', according to their opponents, do not understand the principles of intelligent political debate. There is no remedy against this type of intellectual arrogance, (which often goes together with a firm conviction about what happiness and the right way of life should be), other than to be modest with respect to your own wisdom and to find out, as Aristotle did, whether your opinions are right by engaging in permanent dialogue with others, and to see them as a contributing to the common debate about happiness and the happy life, which hopefully, will not end as long as there are human beings on earth.

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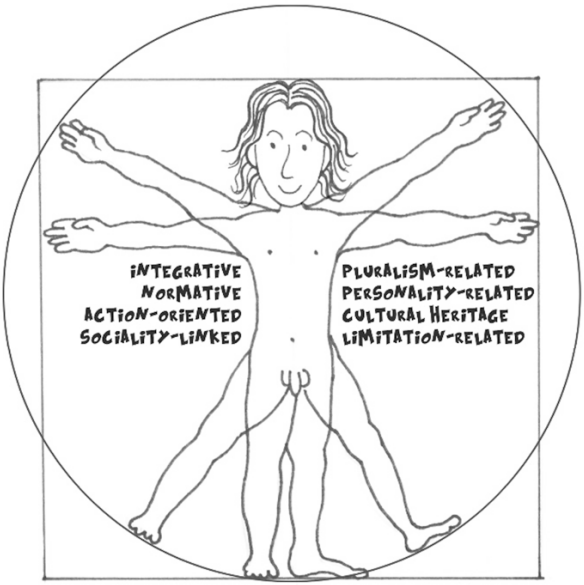
Practical Wisdom: Revisiting an Ancient Virtue in the Context of a Diverse Business World

Claudius Bachmann



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1 Introduction

Wise women, wise men, wise people are urgently needed in business and society these days. We might, for instance, think back to the far-reaching leadership failures and business scandals of the past few decades: the collapse of Enron, the bursting of the dot.com bubble and the ensuing loss of trillions of dollars in both stock and real estate wealth, and more recently, the tinkering with the LIBOR, the consumer deceptions in the food and automobile industries, etc. – all clear evidence of a lack of Practical Wisdom in leaders and managers.

Moreover, we might also call to mind the state of our planet to appreciate the manifold and complex issues facing societies today and in the future. Issues like climate change, scarcity of resources, refugee and migration flows, the growing gap between rich and poor, but also far-reaching societal transformation processes like digitalization, globalization or radicalization, to name but a few, are all calling for Practical Wisdom among those who assume leadership roles in business and society. The need to incorporate Practical Wisdom into our globalized world and its various management contexts is summarized by Bachmann and colleagues (2017, p.16), who note that in times "when the need for excellence in judgment, character, and perspicacity appears to be higher than ever, Practical Wisdom promises to become a valuable resource for management that might counteract some conspicuous management failures of late".

Small wonder then, that an increasing number of scholars are beginning to rediscover Practical Wisdom as an antidote to managerial misbehavior and as an outstanding quality of successful leadership (e.g. Intezari & Pauleen, 2017; McKenna, Rooney, & Boal, 2009). In general, these and other approaches to Practical Wisdom in management have been focused mainly on bridging the gap between purely theoretical knowledge and practice-oriented skillfulness, while simultaneously integrating moral and social aspects (cf. Bachmann, Habisch, & Dierksmeier, 2017). Studies explore the role of Practical Wisdom in various areas of management, including leadership (McKenna et al., 2009), entrepreneurship (Dunham, 2010), decision-making (Intezari & Pauleen, 2017), strategy (Statler, Roos, & Victor, 2007), sustainable management (Roos, 2017), and management education (Bachmann, 2014).

However, when reviving the centuries-old concept of Practical Wisdom (as described in detail by Jan Radicke in Chapter 1 of this volume) in the modern business world, the characteristics and conditions of modern societies have to be considered. They are diverse and by far transcend the limits of this essay. Undoubtedly, however, due to the socio-economic and socio-cultural effects of globalization and digitalization, people are nowadays experiencing culture, ethnicity, religion and value differences to an extent that has never existed before (cf. Genkova's chapter in this volume). Therefore, a modern re-interpretation of Practical Wisdom must prove its adaptability to this new, highly diverse environment. For instance, what exactly is or should be a practically wise decision or action if the meaning of "the right way" or "the right thing" is based on diverse and even competing values and worldviews? And vice versa: What might Practical Wisdom contribute when dealing with social phenomena such as individualization, pluralism, changes in values or fragmentation of life concepts?

Although I certainly do not have all the answers to these fundamental questions, I hope that the following will at least shed some light on the centuries-old concept of Practical Wisdom – recently rediscovered in management literature – and its possible connections to Diversity Management. First, using as a basis the argument that Practical Wisdom becomes manifest when its eight core features – action-oriented feature, integrative feature, normative feature, sociality-linked feature, pluralism-related feature, personality-related feature, cultural heritage feature, and limitation-related feature – are combined to the largest extent feasible (Bachmann et al., 2017), I explore the implications of this conceptualization for management practice. I then link the stream of Practical Wisdom-oriented research to the emerging field of Diversity Management which constitutes the second pillar of this volume and suggest avenues for further research.

2 Practical Wisdom Revisited

In order to grasp what Practical Wisdom is and to make sense of the thoughts and arguments developed in the following articles, it is worth taking a step back

to examine Practical Wisdom more closely. In our everyday life, most of us probably have some sort of understanding of wisdom (or stupidity). We might associate wisdom with insight, reflexivity, experience, responsibility, creativity and so on. It is also likely that we assume to, more or less, understand what others mean when they speak about a wise person or an unwise decision. Narratives of wise role models exist in all cultures and in all regions of the world. However, if asked to concisely describe or even to define wisdom, we will most probably face serious difficulties in coming up with a satisfactory answer. This is to say nothing of the virtually impossible task of finding a commonly agreed upon definition of wisdom with people from various cultures and with highly different understandings of wisdom.

It is therefore hardly surprising that also in academia there is considerable controversy about the nature of Practical Wisdom and its meaning. A thorough review of the relevant literature reveals that Practical Wisdom is a complex and multidimensional issue which has its roots in ancient times, but has attracted much attention in contemporary research in diverse disciplines such as philosophy (Tiberius & Swartwood, 2011), theology (Bachmann, 2016), psychology (Walsh, 2015), management studies (McKenna et al., 2009) and others. Indeed, Practical Wisdom appears to be a much broader phenomenon than one usually might expect at first sight. It was probably the ancient Greek philosopher Aristotle who first developed a systematic understanding of what constitutes a practically wise person. Especially in book VI of his Nichomachean Ethics, he includes Practical Wisdom (*phronesis*) as one of the five intellectual virtues. In sum, the Aristotelian *phronesis* requires first the openness to receive and understand each particular situation as it is, second the theoretical knowledge and the experience to choose and apply the appropriate means, and third the excellence of character to define the right ends.

In the occidental philosophy of the Middle Ages, it was principally Thomas Aquinas who revived the Aristotelian concept of *phronesis* in his Summa Theologiae (II-II, 47-56) in the Latin term, *prudentia*. By echoing Aristotle, he describes Practical Wisdom as “right reason in matters of action” (*recta ratio agibilium*; II-II, 47,2 sed contra), which applies universal knowledge to a particular

case (cf. II-II, 47,3 ad1). Other wisdom traditions, for instance, can be found in the ancient Chinese scripture Yi Jīng (or Book of Virtues), which points out that the sense of balance between polarities is crucial for practical wise living. Also throughout the Islamic traditions, concepts of Practical Wisdom (*al-Hikmah*) were widespread. They can be defined as "a total insight and […] sound judgment concerning a matter or situation through understanding cause and effect phenomena" (Beekun, 2012, p. 1005).

Contemporary academic studies on Practical Wisdom can broadly be classified into two lines of research. On the one side, scholars have sought to theoretically conceptualize and contextualize Practical Wisdom (cf. Bachmann et al., 2018). They refer to particular virtue traditions, ranging from Aristotelian, Catholic, and Confucian traditions which embrace Practical Wisdom as necessary and partially constitutive for human flourishing (e.g. Melé, 2010) to modern-day adaptations such as neo Aristotelian-Thomistic action theory (Rhonheimer, 1994) or Confucian re-interpretations (Yu, 2006). Others extract a set of qualities (McKenna et al., 2009), abilities (Nonaka & Takeuchi, 2011), components (Intezari & Pauleen, 2017) or competencies (Bachmann, 2014) which jointly constitute Practical Wisdom, wise decisions or wise actions. In a complementary perspective, others have sought to operationalize Practical Wisdom through an empirical lens striving to identify scientific criteria for control, replication, and prediction regarding the nature and development of wisdom (cf. Walsh, 2015). Mainly in the field of psychology, scholars have developed multiple measurement scales (Thomas, Bangen, Ardelt, & Jeste, 2017) and presented several varieties or subtypes of wisdom (Trowbridge, 2011).

3 The Anatomy of Management's Practical Wisdom[1]

This review, which is by no means exhaustive, shows that there is no unanimous consent on what Practical Wisdom means and highlights a broad diversity of interpretations, approaches and terminologies within contemporary wisdom

[1] This section is based on and draws extensively on Bachmann et al. 2017 and 2018.

research. Here, combining conceptual considerations with empirical findings I define Practical Wisdom as:

Practical Wisdom in management is the capacity to combine its eight core features to the largest extent feasible: integrative feature, normative feature, sociality-linked feature, pluralism-related feature, personality-related feature, cultural heritage feature, limitation-related feature, and action-oriented feature.

This definition argues that Practical Wisdom improves managerial reasoning, decision making, and acting, by concurrently (1) integrating and balancing several, often competing interests, rationalities, emotions, challenges, and contexts, (2) orienting towards normative guidance of human flourishing, (3) considering the indispensable sociality of every human being as well as (4) today's multi-layered diversity in life and society, (5) acting appropriately and authentically in a self-aware manner, (6) rediscovering transmitted cultural and spiritual heritage, (7) being aware of the incompleteness of human existence and humble in the face of one's own achievements and capabilities, and (8) targeting always realization in practice. In the following, I elaborate on this and illustrate how it draws on already existing key definitions.

Integrative-feature: Since ancient times, Practical Wisdom has fundamentally been linked to the particular circumstances or concrete occurrences within a given situation. It thus includes the integrative ability to perceive and understand the true complexity of reality in its multi-layered facets in an open-minded and holistic way. From the Aristotelian *phronesis*, the Confucian *yì*, the Islamic *al-Hikmah,* and Aquinas' *prudentia* up to current wisdom literature, Practical Wisdom requires deliberative and appropriate judgment for each particular situation.

Taking this cue from the other disciplines, contemporary research on Practical Wisdom in management emphasizes the ability to appropriately respond to a specific situation, while considering the contextual framework of time, space, and sociality (Malan & Kriger, 1998, p. 246). This is particularly relevant in times of increasing complexity, information gaps, ambiguities, and unpredictability of today's business world (Clark, 2010; Intezari & Pauleen, 2014). For this purpose,

Practical Wisdom integrates right thinking, right desire, and right action and creates harmony among reason, emotions, and behavior. Therefore, Practical Wisdom transcends the one-dimensionality of economic rationality and rejects 'one-size-fits-all' solutions (cf. Rundshagen's chapter in this volume). Quite to the contrary, Practical Wisdom considers contradictions, tensions and paradoxes necessarily inherent in corporate acting without, a priori, prioritizing particular aspects over other concerns (Hahn, Preuss, Pinkse, & Figge, 2014). Overall, Practical Wisdom includes deliberation, integration, and critical reflection. Like a captain or coach, Practical Wisdom functions as a unifying instrument that makes a team greater than the sum of its individual members. Thus, leaders equipped with Practical Wisdom can grasp and successfully deal with several, often competing interests, rationalities, emotions, requirements, and challenges of management practice. This capacity for "knowing how" rather than "knowing that" is always contextual and situational.

Normative feature: Practical Wisdom is thoroughly normative. Considering not just how to attain any end, but what to choose as an end worthy to pursue, Practical Wisdom provides the knowledge about and orientation toward normative guidance for attaining the good life, both for oneself and for one's community. In the tradition of Aristotle and Aquinas, Grassl (2010) describes Practical Wisdom as the force that drives us to do what is good, precisely because it is good. It tackles the question of what ultimately orients someone's actions and decisions, thus, going far beyond indifferent cleverness, tactical cunningness, or even immoral underhandedness. Also, according to the empirical findings of psychological studies examining everyday beliefs and folk understandings, a practically wise person adheres to and is guided by moral principles or values (Bluck & Glück, 2005). Practical Wisdom may thus be a powerful motivational alternative to purely economic self-interest (Fontrodona & Sison, 2006, p. 37) as it positively affects moral sensitivity, moral judgement, and moral motivation (Morales-Sánchez & Cabello-Medina, 2013). Prasad Kaipa, influential Silicon Valley-based CEO advisor and coach, speaks about 'enlightened self-interest' becoming a business imperative for practically wise managers in the twenty-first century (Kaipa & Radjou, 2013). Quite similarly, Dennis Moberg describes the motivational and moral component of Practical Wisdom in management as

"a disposition toward moral excellence that is both rare and challenging to master" (Moberg, 2007, p. 542).

Sociality-linked feature: Practical Wisdom essentially refers to the indispensable sociality of the human being and emphasizes interdependence over independence. It shapes the interaction between the intra-personal sphere of individual preferences and the inter- and extra-personal sphere of the social environment. From Aristotle to the present, philosophers have time and again emphasized how the virtuous person has to prove his or her Practical Wisdom within the context of the *polis* and society. This sociality-linked aspect also takes a prominent place within psychological research on the application of wisdom in interpersonal contexts (Staudinger, 2008).

This is consistent with the argument of today's leadership research that leaders with Practical Wisdom consider humans as rational *and* emotional beings rather than as calculative utility-maximizers (Grassl, 2010). For instance, they are able to deal successfully with conflicting stakeholder interests (Freeman, Dunham, & Mc Vea, 2007) and to acknowledge the cultural and societal context in which their own company operates. Leaders with Practical Wisdom, therefore, have the social aptness and sensibility to be aware of and to act in congruence with their own needs and interests as well as those of society as a whole.

Pluralism-related feature: In the age of globalization and digitalization, cultural, socio-economic, and ideological diversity has grown exponentially. Nowadays, we are faced with highly diverse, frequently controversial cultures, religions, beliefs, or attitudes of modern and globalized societies. Accordingly, post-enlightenment philosophic discourses emphasize that a modern version of Practical Wisdom should accept an irrevocable plurality regarding distinct concepts of the highest good and regarding different ways to lead a reasonable life. From a psychological perspective, wisdom therefore includes heuristics on how to handle differences in values and priorities, both at an individual and a social system level.

In the realm of management wisdom studies, corresponding issues are discussed regarding different conceptions of leadership and cultural values. Malan

and Kriger (1998, p. 245) acknowledge that "organizations exist in multiple environments with several competing values and worldviews. The answer to creating effective organizations lies in understanding the assumptions of these competing views". In the context of global markets and production locations, it is up to practically wise management to respect and to properly handle the broad diversity within different parts of life and society.

Personality-related feature: Practical Wisdom does not define universally valid recommendations, but indicates what an individual should do – here and now (see also Martina Stangel-Meseke's chapter in this volume). Thus, Practical Wisdom is essentially linked to personal identity; i.e., a practically wise person wants to act wisely, does so, and believes it is good to do so. Accordingly, psychological studies emphasize the immediate and inseparable connection between wisdom and wise persons as 'carriers of wisdom' (Takahashi & Bordia, 2000). The reciprocity between someone's Practical Wisdom and his or her personality raises the question of how to act appropriately as well as authentically in a self-disciplined but confident manner in pursuit of right, credible, inspiring, and convincing goals. In various classical philosophical traditions offered by generations of moral philosophers, the concept of Practical Wisdom is intertwined with conceptions of self-control and the ability to subordinate passion and desire to the authority of reason.

Cultural heritage / experience feature: Practical Wisdom also appears as a form of cultural heritage that is transmitted from generation to generation by various spiritual and secular traditions. This includes established knowledge, beliefs, exemplary behaviors, and concrete advice concerning all aspects of life. Aristotle, for instance, recommended that one study practically wise people in order to grasp what Practical Wisdom is (NE 1140a25). To a far larger extent, the habit of delivering accumulated Practical Wisdom to posterity was common practice in nearly all ancient cultures.

How to re-discover and make use of the wisdom resources of cultural heritage in today's management and leadership practice is the subject of a sizable number of recent studies on Practical Wisdom (Lenssen, Malloch, Cornuel, & Kakabadse, 2012). In this context, the collection of beliefs, examples, and role mod-

els of the multiple spiritual traditions of mankind are perceived as a source of Practical Wisdom, which may contribute to the humanization of business practices worldwide. However, considering and valuing the cultural and spiritual traditions as an element of Practical Wisdom does not mean to uncritically and indiscriminately follow age-old master doctrines. Quite on the contrary, accumulated wisdom – which emerged in highly different contexts, sometimes even centuries ago – has to be adapted to modern-day scenarios and experiences through reflective attention (Habisch & Bachmann, 2016).

Furthermore, Practical Wisdom not only draws from ancient resources, but also requires studying and reflecting upon one's own experiences as well as examples of well-lived lives. For instance, Thomas J. Watson Jr., who transformed IBM into the world's largest computer company, reflects upon his management style in his autobiography: "No textbook in the world can tell you how to be the chief executive of IBM, and the most important lesson had been drilled into my head by my dad" (Watson, 1990, p. 400). Practically wise leaders analyze the pathways of history and explore why certain strategies were successful in specific situations, while others were not (Lynch, 1999).

Limitation-related feature: Practical Wisdom also includes the awareness of the limitations imposed on human beings. In order to foster his dialogue-partners' wisdom, Socrates relentlessly questioned all assumptions and thus exposed the contingencies and limits of human knowledge. This limitation-related feature has recently been revived as a component of Practical Wisdom by psychological research as the necessity to reflect the incompleteness of human existence and the limits of one's knowledge (Sternberg, 1998). This is why many old spiritual traditions connected Practical Wisdom with a divine sphere in order to convey a twofold meaning. On the one hand, these traditions illustrate how and why humans should always strive for wisdom in all its excellence, even though it quite hard to attain. On the other hand, they portray wisdom as a divine gift rather than a human achievement, stating that wisdom can never be gained by one's own efforts alone.

Practically wise management, therefore, is freed from the overconfidence of expertise and the hubris that often follows it (Nonaka et al., 2014). In his essay

on Practical Wisdom qualities, Statler (2014, p. 411) claims that executives – regardless of age – are usually endowed with considerable intelligence, "yet … often remain tragically unaware of what they do not know". In contrast, practically wise leaders realize that one's knowledge and interpretations are fallible and fragmentary. Hence an essential part of Practical Wisdom is being humble in the face of one's own achievements and capabilities and in defending oneself from the negative impact of elitist individualism and mystic glorification of a narcissistic individual-centered leading figure (Küpers, 2012).

Action-oriented feature: The features briefly outlined above, however, are insufficient to generate Practical Wisdom, because it must *always* be put into practice. Therefore, Practical Wisdom finally requires the ability to transform every manifestation of knowledge, beliefs, and decisions into action. This embodiment in action crops up already in Aristotle's virtue *phronesis* prescribing how to deal with modifiable and contingent aspects, which are related to particular circumstances or occurrences that can be controlled, initiated, constructed or changed. It also reappears in the Christian moral-theological description of Practical Wisdom as 'foremost of the virtues' guiding the other virtues toward action. In contemporary literature, it can be found in the psychological approach of the 'Berlin Wisdom Paradigm' as procedural knowledge exercising 'hands-on' expertise and experience in the performance of activities (Baltes & Staudinger, 2000).

This action-oriented feature is also highly significant for successful management and leadership (McKenna et al., 2009). Much of the literature highlights that the current challenges of management are not so much related to theoretical calculations and mathematics as they are to questions of action-oriented judgment (Bennis & O'Toole, 2005). This aspect is exemplified by Ben Horowitz' experience in becoming one of the most successful venture capital investors of Silicon Valley. Reflecting on his career, Horowitz (2014) stated that nothing in practice is as simple as theorists lead us to believe it to be. Thus, Practical Wisdom in management is by no means a purely theoretical endeavor, but rather a process of operationalization towards everyday practice.

4 Practical Wisdom and Diversity Management: A Roadmap towards a Future Research Agenda

So, having sketched a framework for understanding Practical Wisdom in management, the question now is how we might begin linking the stream of Practical Wisdom-oriented research to the emerging field of Diversity Management, which constitutes the second pillar of this volume. While I by no means have all the answers to this question, I would like to share two initial thoughts about where we might start and in which direction further research could go.

4.1 Bridging the Economic-Ethical-Dichotomy in Diversity Management

It was probably in the USA of the mid-1980s that the interest in the topic of diversity and its management in organizations emerged and finally staked its claim as a relevant research area in management and organization studies (for details, please see Petia Genkova´s chapter). In this context, the management of diversity was largely perceived as a way of capitalizing on the competitive advantage of the heterogeneity of the workforce. Due to the influence of the praxis-orientated approach of management consultants, research on multiculturalism and pluralism in organizations mainly viewed diversity from an explicit cost-benefit perspective and was aligned towards achieving economic success.

In the wake of this, the so-called 'business-case for diversity' formed the mainstream of Diversity Management theory. Following a purely economic rationale, business-case research on Diversity Management advocates and aims to prove that companies can create a shared value between the economic benefits of the firm and the societal benefits of equality and interculturality. The academic focus on the business-case concerning diversity issues undoubtedly legitimized this topic in organizational literature as pluralism and differences were valued as strategic assets for the first time in the history of management.

However, some organizational scholars have recently argued that the business-case perspective represents a limited and one-dimensional view of Diversity Management as it prioritizes economic aspects at the expense of other concerns. From this perspective, for instance, Diversity Management theory ap-

pears as yet another tool to maximize profits rather than for challenging workplace inequalities and discrimination. Ethical concerns are pushed to the peripheries of instrumental strategy making. These shortcomings of the business-case rationale have given rise to various calls for alternative and critical approaches on Diversity Management which seek to counteract the former instrumental focus through a strong normative or ethical approach. While quite heterogeneous in terms of theoretical background, this field of research usually emphasizes the importance of the intrinsic value of diversity which does not require further external or instrumental benefits and argues that corporations ought to accept their social responsibilities as a normative obligation.

Future research on Diversity Management, however, should bridge the gap between predominantly instrumental, economic approaches on the one side and, emphasizing ethical ones on the other (cf. McNett, 2015). Therefore, I would like to suggest that looking at Diversity Management through a Practical Wisdom lens may contribute to a holistic and more integrative approach and reframe the former "either/or" divergence of economic and ethical perspectives on Diversity Management to a "both/and" convergence. Diversity Management theory built upon Practical Wisdom as outlined above, makes both economic and ethical considerations integral parts of strategic management.

In this sense, cultivating Practical Wisdom in organizational contexts does not serve as just another managerial tool for maximizing profits; rather, it guides us toward an organizational setting whereby the value of both diversity and economic success is in allowing personal development and interpersonal relations to emerge.

4.2 Incorporating diversity into a Modern Theory of Practical Wisdom

In the days of Aristotle, one of the forefathers of the idea of Practical Wisdom, people lived in highly localized and fragmented societies. Undoubtedly, at that stage in history intercultural exchange, social conflicts and differences in habits, customs, and moral perceptions already existed. However, in the contemporary globalized world, where all sorts of borders – spatial, temporal, cultural – are fluid, socio-economic, socio-cultural, and ideological diversity increased to an

extent never experienced before in human history. As a consequence, modern societies are characterized by competing worldviews and by regularly recurring social phenomena such as continual changes in values or fragmentation of life concepts.

This is especially relevant if we talk about Practical Wisdom. As we have seen above, a normative or ethical orientation is essential to motivate, justify, and legitimize practically wise actions. When we ask in a business environment why we should do this or that, we are likely to hear that we should do the right thing because such actions are good for business results. That may be fine, but from a Practical Wisdom perspective we have to go further, considering not just how to attain purely economic goals, but what to choose as an end worthy of pursuit. But what happens when people disagree for reasonable and good reasons about what is right, what is good, and how to attain it? The de facto divergence of values and norms spread around our global societies therefore calls for a 'cosmopolitan turn' within a modern theory of Practical Wisdom (cf. also Scherle's chapter in this book). In light of this the question whether a conception of Practical Wisdom is able to integrate diversity and socio-ethical heterogeneity appears to be the litmus test for any contemporary adaptation.

Thus, I would like to suggest that Diversity Management research might contribute to such endeavours. Over the past decades researchers have successfully developed and tested policies and strategies, procedures and programs for managing diversity. This led to the creation of tools, materials, and other aids which have become a part of everyday organizational life.

Building on these insights, a modern theory of Practical Wisdom could adapt practical frameworks and guidelines that facilitate practicing and operationalizing Practical Wisdom in times of interculturality of ethical norms and social values. Accordingly, Practical Wisdom manifests itself through successful Diversity Management.

5 Concluding Thoughts

Practical Wisdom and Diversity Management have become important themes for both academic theory and business practice. We know a great deal about each, but there has been precious little research exploring the relationship between them.

Thus, the main goal of this article was to propose a way of understanding Practical Wisdom and to discuss its implications for management. To that end, the stream of Practical Wisdom-oriented research was connected to Diversity Management in order to explore the potential for cross-fertilization between the two fields.

I hope this chapter has provided a helpful starting point for readers of this book and that it will encourage interdisciplinary scholarship and discourse on how Practical Wisdom and Diversity Management can be integrated and how the social, cultural and ethical domains of management studies can be joined together to create well-reasoned, ethically-oriented and inclusive business practices.

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Diversity as Practical Wisdom

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1 Introduction

Diversity Management is concerned with leveraging pluralism in organizations. It has its origins in the USA, where it was primarily used in connection with staff selection and development to avoid expensive lawsuits for discriminating against protected minorities; especially Afro-Americans.

Research in America has focussed on the most common dimensions of diversity, the so called Big Eight (Krell, 2008): ethnicity, nationality, gender, organisational role or function, age, sexual orientation, mental or physical abilities, and religion (Plummer, 2003). In Germany, studies by Krell et al. (2006) revealed the dimensions gender and culture to be predominant.

Interest in Diversity Management has greatly increased – especially in the past few years – for several different reasons. Two aspects will be observed in greater detail in the following. On the one hand, changes in demographics have had an impact on the composition of society, which in turn, have led to more heterogeneity in organisations. On the other hand, businesses and markets are influenced by internationalisation and globalisation, which also leads to organisational demographic change (Jungbauer-Gans, 2012).

The latest trends either concentrate on variety and individuality or on inclusion and integration. In German companies there is already a great variety of different people like e. g. Gender, although it is often not identified correctly or used reasonably.

The potential-principle Diversity tries to activate exactly these resources of individual potential by the groups of age, gender or culture for the economy, the public sector as well as NGOs, since they are increasingly dependent on using existing potentials of e. g. persons with an immigration background in an optimal way to be successful and competitive in the long term (Rühl, 2016; Stuber, 2009). The potential-principle Diversity is a systemic approach to address all diversity groups like. Diversity and Inclusion describe the potential-principle that diversity is an advantage for all people, when it is systematically activated in organisations and gets positive attention (Rühl, 2016; Stuber, 2009). Diversity and Inclusion is important for organisation because it repre-

sents inter alia a competitive advantage for organisation. Further advantages are e. g. the promotion of creativity and an open organisational structure as well as the appreciation of employees which leads to better motivation and work performance. But also disadvantages exist, e. g. feelings of threat and vulnerability, long decision-making processes and little cohesion within the team can lead to a negative working atmosphere and ineffective work performance (Genkova & Schuster, 2014).

Numerous studies, especially those realized in the past few years, highlight the importance of diversity, especially cultural diversity (Krell et al., 2006; Van Knippenberg et al., 2013; Ward, Bochner, & Furnham, 2001). The following chapters elaborate the aspect interculturality in greater detail.

2 Diversity and Diversity Management – Development and Aspects of Practical Wisdom

Even today, German managers remain convinced that diversity is an issue that only applies to large corporations. But from an economic standpoint, there are several reasons why businesses should integrate diversity into their policies (Genkova & Schuster, 2014). Reasons for implementing diversity in business are e. g. recruitment marketing, marketing, creativity in problem solving, flexibility, marketing, and cost cutting (Genkova & Schuster, 2014).

It is not enough to bring members of different groups together, e. g. younger employees with older, men with women, or individuals of different nationalities, rather it is important to establish suitable work structures that foster interaction between them.

To understand diversity and to be able to successfully implement concepts in this context, it is crucial to acknowledge prevailing differences. Therefore, organisations should analyse their organisation regarding the organisation culture and climate as well as their employee structure to identify diversity potentials.

Furthermore, influences and attitudes of both management and employees have to be considered. It has to be analysed, e. g. whether managers and employees have a positive attitude towards diversity.

Table 1: Taxonomy of diversity characteristics in groups (according to Jackson, 1996, p. 56)

	Task-based attributes	**Sociodemographic attributes**
Obvious attributes	Department Seniority Certificates, titles etc.	Sex Age Nationality Ethnicity etc.
Less obvious attributes	Knowledge, expertise Skills Physical abilities Experience etc.	Socioeconomic status Attitudes Values Personality etc.

Particularly helpful are effective organisational structures and a supportive climate which can reduce intolerance and promote openness towards differences (Kutzner, 2013).

As shown in table 1, the extent of diversity can be assessed according to particular attributes (Sackmann, Bissels, S. & Bissels, T., 2002). A group can be relatively homogeneous in its composition regarding one attribute (e. g. a shared cultural background), but very heterogeneous with respect to another (e. g. diverse age groups). The extent of heterogeneity can also be differentiated on a scale from high to low (Sackmann et al., 2002). To determine whether a work group is homogeneous or heterogeneous the entire spectrum of possible variables must be considered.

Although each individual is unique, groups can nevertheless be formed among those with shared attributes. That is why organisations are composed of subgroups of individuals who share specific commonalities. On an organizational level, diversity is understood to also include these types of discrete groups; noting that individuals can belong to several groups with which they share a

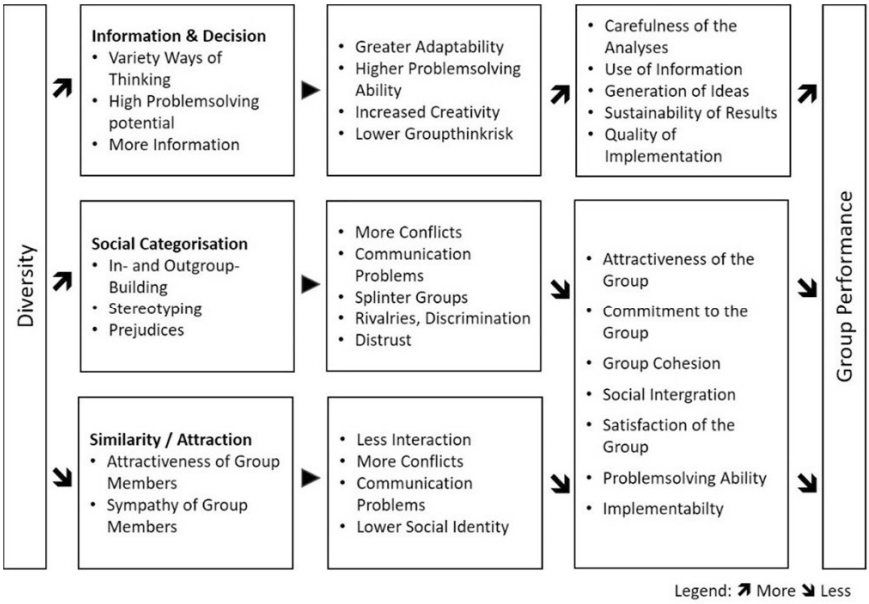

Figure 1: Impacts of diversity on the performance of work groups (according to Bissels et al., 2001)

natural affinity. Diversity influences the behaviour of the members of the organisation, and thus, the functioning of the organisation as a whole. The complexity of the interactions underscores that diversity needs organisation and controls to ward off unwelcome consequences.

The greater the variety and pluralism the easier it is to categorise. On an individual level, this has mainly negative consequences. Not seeing someone as an individual can lead to misjudgements and misunderstandings that can be so demotivating that the individual is not able to realize his or her full potential (Gebert, 2004).

Diversity in a group can have both positive and negative consequences (see figure 2). Persons who do not have much in common tend to feel less comfortable with each other, and so there is less interaction between them (Jans,

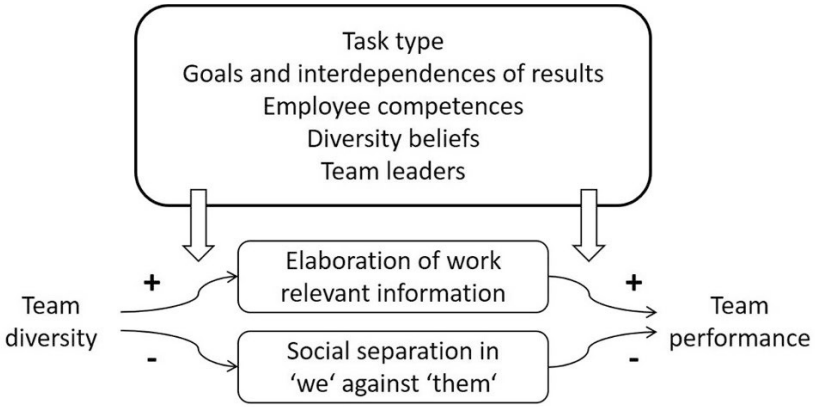

Figure 2: Predictors of Diversity Management success (according to van Knippenberg et al., 2004)

2004). The resulting communicational problems can lead to group conflicts or rivalries, which eventual negatively affect the satisfaction and performance of the group members (Northcraft et al., 1996). In this context, it has to be noted that liking and disliking are two different constructs (Pittinsky et al., 2011).

Apart from that, different people in a group have diverse experiences and ways of thinking. This can have a positive impact on problem solving abilities or group creativity so that their overall productivity can increase (Shin et al., 2012; Triandis et al., 1994).

For the organisation as a whole, diversity can have both positive and negative effects. This depends on the "diversity climate" in the organisation (Cox, 1993; Wolfson et al., 2011). If all work groups/teams are integrated into the company, and if their power is distributed equally, it has a positive influence on e. g. individual career expectations and job satisfaction. This again positively influences quality, productivity, and turnover.

The exact opposite happens if single groups are discriminated, for example regarding opportunities for advancement.

To classify the differences in dealing with diversity in organisations, Cox (1991) developed a typology to illustrate whether an organisation strives for homogeneity or allows and promotes heterogeneity. On the basis of the degree of integration of minority groups, he differentiates three types of organisations: the monolithic organisation, the pluralistic organisation, and the multicultural organisation. Mixed forms are also possible.

Therefore, the monolithic or mono-cultural organisation has a relatively homogeneous demographic and national-cultural composition; especially in leadership positions. This homogeneous social structure is preserved by the exclusion of and dominance over "other" (minority-) groups. Selection criteria for exclusion or a lack of integration in these groups are e. g. gender or nationality (Bissels et al., 2001).

Thus, a pluralistic organisation is characterised by phenotypic diversity without cultural pluralism (Blom & Meier, 2002, p. 258). Members of the organisation from minority groups are only accepted and tolerated. However at the same time, traditional power patterns are maintained by a lack of integration of the new groups into informal networks.

According to Cox (1993), a multicultural organisation has not only accepted diversity, but appreciates and strives for pluralism as an explicit objective. It is characterised by pluralism, i. e. minority groups are not forced to adjust to the majority groups, but rather their individual needs are met. They are integrated into the formal organizational structure as well as into the informal networks. Prejudices, discrimination, and conflicts between groups seldom occur. On the contrary, fairness, understanding, cooperation and mutual respect influence social relationships. Identification with the organization is equally high, independent from group affiliation (Cox & Blake, 1991).

Table 2: Organisational types (based on Cox, 1991, p. 37)

Dimension of Integration	**Monolithic**	**Plural**	**Multicultural**
Form of Acculturation	Assimilation	Assimilation	Pluralism
Degree of structural Integration	Minimal	Partial	Full
Integration into Informal Organization	Virtually none	Limited	Full
Degree of Cultural Bias	Both prejudice and discrimination against minority-culture groups is prevalent	Progress on both prejudice & discrimination but both continue to exist especially institutional discrimination	Both prejudice and discrimination are eliminated
Levels of Organizational Identification	Large majority-minority gap	Medium to large majority and minority gap	No majority-minority gap
Degree of Intergroup Conflict	Low	High	Low

3 Correlating Variables and Predictors for successful Diversity Management

Based on practical concerns, a number of triggers for diversity have been identified: globalism, individualization, demographic change, compliance, and employer attractiveness. This strongly correlates with an increase in migration, globalisation of media, and global competition in the economy and for suitable staff, which does not only include highly qualified personnel.

For a long time, there was a strong resistance to Diversity Management, but now problems resulting from ignoring diversity, as such, have become a prominent issue.

The handling with diversity, the appreciation of differences and the use of these potentials are expressions of Practical Wisdom. It means a practical handling with the named aspects. In this context, diversity indices in organisations are differentiated by separation, pluralism and inequality. These indices lead to different problems that Diversity Management approaches try to solve.

Due to the triggers mentioned above, diversity research is driven more by data than by theory. The studies deal with the identification of solutions of practical problems and try to verify them empirically.

Several models of predictors for successful Diversity Management have been identified.

An increase in team diversity can lead to improved performance, particularly when tasks are complex, the team members are skilled, and their beliefs about diversity, goals and the importance of interdependence are shared. A strong predictor of the promotion of diversity attitudes and Diversity Management is the team leader.

One of the most important findings is that Diversity Management is top-down. When there is diversity-oriented leadership, it can be expected that Diversity Management will be successful. Matkin and Barbuto (2012) analysed demographic similarities and differences between team leaders and employees. Using the level of intercultural sensitivity of team leaders as predictors of how employees assess leader-member-exchange, they found a significant positive correlation between the level of intercultural sensitivity of team leaders and the assessment by employees of leader-member-exchange. An increase in intercultural sensitivity of team leaders therefore leads to a higher rating of leader-member-exchange by the employees.

However, it is not possible to predict leader-member-exchange ratings from employees based on demographic similarity.

A meta-analysis by Rockstuhl et al. (2012) extended the leader-member-exchange research by analysing the role of national culture. Results show that, although employees are very sensitive to how they are treated by their superi-

ors, employees from Asian cultures are also influenced by common interests and role-based obligations in their leader-member-exchange rating.

Regarding leadership behaviour, Dorfman et al. (2012) showed that national culture and the society's expectations of leadership directly influences the leadership style. Therefore, team leaders, who acted in accordance with this leadership style, were most effective.

Furthermore, some leadership traits, such as charisma, were identified as being overall effective. However, other styles, such as participative leadership, are culture sensitive.

Visionary leadership has only a positive influence on team performance when the tendency to categorise is low in team leaders and vice versa (Greer et al., 2012).

A person's individual diversity experience has an overall positive effect on socially responsible leadership (Parker & Pascarella, 2013).

Emotional intelligence also leads to better intercultural competence in team leaders (Chrobot-Mason & Leslie, 2012). In general, psychologists show that a good mixture of proactive and communal leadership which makes them good team leaders for complex situations and in environments with an increasing diversity. However, their methods are often not compatible with the relentless speed of top management decision making, so they are not often found in leadership positions (Kelly & Finkelman, 2011).

Garib (2013) identified positive as well as negative effects for organisational success in relation to different levels of employee diversity. Diversity in status, values and attitudes has a negative effect. Diversity in expertise, experiences and knowledge however can have a positive effect for organizational performance. This type of knowledge should be used by managers for their leadership behaviour (Garib, 2013).

4 Practical Wisdom – Best Practice and Scientific Results from Diversity Management

In general, Diversity Management is becoming more and more important. However, empirical studies show that Diversity Management is often a façade and professional implementation is dubious.

With this in mind, this section takes a focus on the strategic alignment, institutionalisation, and profitability of Diversity Management. Furthermore a closer look is taken on the top-down implementation as starting points for professionalization in the form of propositions (Wetterer, 2003).

To begin with, Diversity Management case studies were examined from the view of involvement in the current discourse on Diversity Management and Corporate Social Responsibility (CSR).

Furthermore, the availability or usability of information material about Diversity Management on the different businesses' websites was checked. The companies work e. g. in the field of industry and service sectors. In the following, the analyses are presented.

Analysis of specific practices in these organisations reveal the following seven complementary and closely related categories of Diversity Management practice: corporate diversity council, diversity training programmes, supplier diversity, co-worker networking and mentoring, cultural awareness, support for women and LGBT (lesbian, gay, bisexual and transgender people) networking-programmes and same-sex benefits (Madera, 2013).

The above named practices result in a very heterogeneous workforce and a relatively diverse management in the exemplary corporations.

In this context, King et al. (2010) found that diversity training strongly influences the promotion of diversity beliefs. Firstly, proponents of training, theory and research maintain that effective training programmes start with the assessment of need. By analysing the need before implementing diversity training programmes, organisations can identify and fulfil the organisations' requirements and those of their employees. Preferably, diversity training will follow this ap-

proach so that trainers can adapt their initiatives to the trainees' requirements and levels.

Secondly, a related topic derived from the training research and says that effective training programmes have to consider the context.

Thirdly, explicitly focussing on the development of skills allow trainees to reach behavioural goals more effectively than exclusively concentrating on building awareness and knowledge.

Not only companies focus on Diversity Management practices, but also public administrations and universities.

Best practices in education include student-faculty-contact, collaboration among students, active learning, fast feedback, high expectations and respect for diverse talents and ways of learning. By integrating the described features that each perspective (training and education) has to offer the fields research and practice can be improved.

Although traditional models of university education highlight rational thinking and intellectual abilities, more recent pedagogic perspectives integrate experience-based forms of learning that include acquisition of knowledge, awareness, and abilities.

Similar results have been found for family medium-sized businesses (Singal & Gerde, 2015) and management practices (Kreitz, 2008; Nafukho, Roessler & Kacirek, 2010).

Süß (2008) analysed the Diversity Management practices of German businesses. Therefore, a survey was made of 17 experts (scientists, business representatives, economist journalists, representatives of diversity associations) for whom the topic of diversity was relevant. Listed companies were sent a standardised questionnaire. Companies for which the presence of Diversity Management (39.4 %) could be determined were sent a detailed written survey. At first sight, the sample seems to be small, but the results can be qualified as good because not more than 50 organisations have established a Diversity Management system in total in Germany. The results for the organisations with Diversity Man-

agement in place show a magnitude effect on a country-of-origin effect. Regarding organisational integration, 31.8 % of all German businesses have set a Diversity Management department. For the largest part (54.5 % of all cases), structures were demand-based, temporary and cross-departmental. In terms of content matter, Diversity Management is very heterogeneous. The issue Gender is the most considered diversity aspect in organisations, followed by age and culture.

5 Summary

In many organizations, Diversity Management is practiced at a departmental level without explicitly labelling it as Diversity Management. To be efficient and effective and to facilitate synergies, Diversity Management requires an organizational and operational structure as well as a management system.

The Diversity Management system needs to set targets and establish organisational structures, responsibilities, processes, and obtain resources (see figure 3).

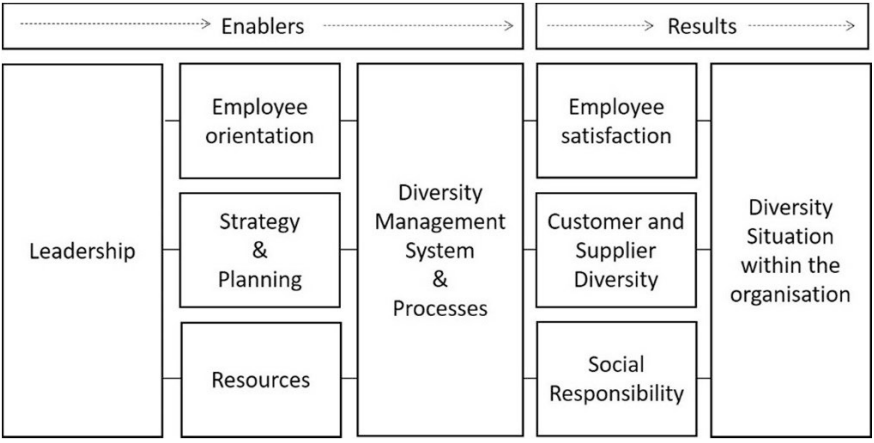

Figure 3: Evaluation model for Diversity Management (based on the EFQM-Model based on ITA, 2001)

For the designing of this complex management task, a holistic and organisation-specific program needs to be developed. The results have to be monitored continuously for prompt feedback on achievements and need for further action.

To ensure continuous improvement, organisations not only have to reflect on individual activities but on Diversity Management as a whole, with respect to approach, implementation and results.

The general evaluation model by the European Foundation of Quality Management (EFQM) is suitable for this purpose and can be adapted and concretised for the demands of Diversity Management.

By means of the adapted evaluation model, the development and implementation status of Diversity Management can be assessed in terms of strengths and potentials for improvement so that needs for development can be identified. It can be conducted via self-assessment that is moderated by a neutral third-party expert or via external assessment.

The EFQM-model for excellence is a basic evaluation model for Diversity Management. It differentiates between criteria, partial-criteria and starting points that specify the partial-criteria. But the level starting points has not yet been developed for the specific evaluation model for Diversity Management.

In detail, the model evaluates the following criteria to identify an organisation's strengths and potentials for development with respect to diversity:

- Leadership
- Strategy and planning
- Employee orientation
- Resources
- Diversity Management systems and processes
- Customer and supplier diversity
- Employee satisfaction
- Social responsibility
- Diversity status within the organisation

The model illustrates that Diversity Management has to be dealt with throughout the organisation and integrated as an integral part of leadership and strategy processes. The evaluation of prior Diversity Management activities in conjunction with the classification scheme reveals strengths and opportunities for improvement.

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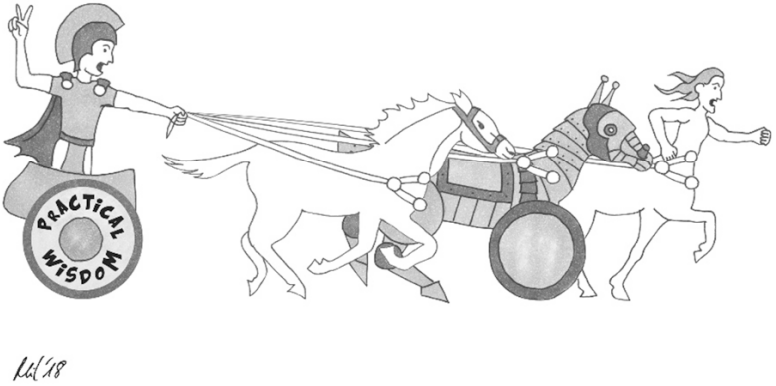
Rediscover the Charioteer. Practical Wisdom and Diversity Management in the Digital Age

André Habisch



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1 Diversity Management and Practical Wisdom

"Heaven is where the British are the policemen, the French the cooks, the Germans the mechanics, the Italians the lovers and everything is organized by the Swiss. On the contrary, hell is where the British are the cooks, the French the mechanics, the Swiss lovers, the Germans the policemen and everything is organized by the Italians."

This rather time-worn joke helps to explain a simple fact that is revealed to anyone who has travelled extensively abroad; namely, every culture seems to have its own particular strengths and weaknesses. This suggests that the cultural strengths and weaknesses of managers and leaders ought to be taken into consideration when assigning them tasks and responsibilities. This is important because their decisions can impact the entire organization; i.e., creating either a "heaven or a hell" with respect to organizational processes and outcomes.

National stereotypes have obvious limitations; not every German is a good mechanic (for example I am definitely none) and certainly there exist some compassionate native lovers out there in the Swiss mountains! Moreover, in the long run, stereotypes about national strengths and weaknesses may fade as they are challenged by new experiences that belie contemporary prejudices toward cultural groups. Also, more frequent cross-border interactions due to globalization and Information- and Communication Technology may reduce the relevance of national stereotypes altogether – much like Big Data is blurring the boundaries of what were thought to be nation-specific diseases.

Nevertheless, stereotypes can provide a sense of orientation in a confusing, complex world. From an economic point of view, national stereotypes help to explain differences in dominant industries and educational traditions such as fashion in Italy, gastronomy in France, engineering in Germany or publishing mystery novels in the UK. Even in a corporate environment with diverse orientations due to variances in personal strengths, the interests and types of engagement of a multi-cultural staff can be helpful in understanding and resolving business challenges. Diverse cultural orientations also contribute to international trade in that collective specialization based on specific strengths creates

competitive advantages for a region or a country. Other important types of diversity include differences in gender, age, and physical capabilities.

2 Diversity Management: A plea for a principle-based approach

For the Christian social thought tradition, the concept of diversity is ultimately rooted in the personal dignity of every human being, which is a given and cannot be earned through outstanding performance or specific traits such as intelligence, physical attractiveness, or charm. Rather, the Christian tradition – which frames much of Western thought– emphasizes that each person is a divine creation whose value is not determined by her instrumental importance for business success. Perceiving Diversity Management from such a comprehensive normative perspective makes a big difference compared with merely legal or instrumental approaches:

From a *legal* point of view, discriminatory practices, such as in employee recruitment, may be explicitly prohibited. In the European Union, for example, persons who are discriminated against have a right to compensation. To avoid being charged with discrimination, employers adopt strategies of risk-avoidance. For example, they are careful about the wording of announcements of employment opportunities and the way job interviews are conducted. But do risk-avoidance procedures and the laws that underlie them really help those groups in society for whom the antidiscrimination laws were drafted? Rather than risk facing legal action, employers could simply exclude discriminated groups from the hiring process.

From an *economic* perspective, some business activities may even suggest a diversity strategy in order to make more effective use of the special strengths of certain employees. A strategy for a product launch in a new market would certainly benefit from insider knowledge about local peculiarities. Persons who are physically challenged may have developed competencies that make them especially well-qualified for certain types of jobs. Yet, on the other hand, the inclusion of diverse nationalities, age groups, genders or persons with disabilities may also create *additional* costs. For example,

persons with diverse cultural backgrounds may have diametrically opposed perceptions of a given action or recommendations for future actions. Therefore, from an economic point of view, diversity may also result in higher coordination costs and may even produce internal tensions among staff members. What can be observed here is that companies with purely instrumental motivations tend to abandon their diversity goals once they become aware of discord in the decision-making process. It goes without saying that these kinds of corporate turnarounds foster delusion and cynicism not only among the 'diverse' staff-members who were dismissed, but also among the indigenous employees who remain.

By contrast, the effects of a *principle-based* diversity culture go well beyond that of mere instrumental logic. Especially in very volatile environments, the advantages of a principle-based approach become obvious. Why? Instrumental approaches require a great deal of knowledge about corporate goals and which instruments to apply to achieve them – i.e. merely a means to an end. However, in the dynamic context of the 21st century this kind of information is seldom available. We might not even know today which circumstances we will be in tomorrow and therefore which goals we might want to achieve. In contrast, a principle-based diversity policy avoids any kind of *presumptuous knowledge* (F.A. v. Hayek) in that sense. Rather, it constantly strives to increase the context-sensitiveness of the organization, thus making sure that important opportunities and threats will not be overlooked. Since we cannot know today what will be relevant for us tomorrow, a good strategy would be to foster diversity in the organization.

3 Practical Wisdom and Diversity Management

Practical Wisdom has become an important concept in the area of management ethics as well as in empirical psychology. An image often found in the philosophical and religious wisdom literature of the last 2500 years is that of the charioteer. What is a charioteer? For some readers the word might call to mind the motion picture film, Ben Hur, based on the Early Christian hero from Lew Wallace's 1880 novel. In the film, there is a chariot race sequence where Ben

Hur steers his horse-drawn chariot around a track in a dramatic one-on-one duel with a rival. Another iconographic example is the Brandenburg gate in Berlin, where we see a charioteer designed by Johann Gottfried Schadow in 1793 driving four horses ('quadriga'). The image of the charioteer is also known from the classical tradition. But what is particularly wise about the charioteer? For today's generation of car-drivers the answer is no longer intuitively apparent. The charioteer has to control a team of horses – each of which is endowed with a unique character as well as with diverse strengths and weaknesses. To know which trait is appropriate for which situation requires both experience and sound judgment - and that is what Practical Wisdom is all about. In Western classical tradition - starting with the Greek philosopher, Plato - the charioteer represents the controlling and equilibrating energy of the a "coordinator" who ensures the stability of the system by managing diversity in appropriate ways.

However, we find other versions of that image in the philosophical and spiritual literature. For Plato in his "Phaedrus", there are only two (winged) horses - the mortal and the immortal, the dark and the light. The dark horse represents the soul's unquenchable appetite for food and drink, money and sex and the light horse the higher appetites. Even if we are aware of the nature of these appetites, controlling them remains difficult, because to do so we need to moderate our desires.

Aristotle, Plato's disciple as well as his antipode, refers to the moderation of desires as the "golden mean" between the two extremes of hedonism and asceticism. An undisciplined hedonist lets his desires run completely wild. He lives only for satisfaction and reduces human nature to 'animal spirit' – to a 'bovine existence', as Aristotle called it. For Plato, this means letting the lowest forces of the soul subjugate the most divine. Allowing the dark horse to dominate and enslave would lead to a base, unvirtuous life - far from the white horse's goals of virtue and wellbeing.

However, Plato also argued that the dark horse - if properly trained - contributes just as much energy to pulling the chariot as does the light horse. Thus, the chariot that soars highest uses the energy of each horse in tandem. An excellent charioteer neither entirely indulges his dark horse nor wholly restrains it. Ra-

ther, he harnesses and directs its energy in a positive way. This is a person who maintains his sense of sensuality and earthiness by making room for the material pleasures but also knows to put them in their proper place. The desires themselves support the attainment of the higher goals in life.

Plato's masterful charioteer allows reason to rule; he takes stock of all his desires, identifies those that lead to virtue and truth, and guides his horses in that direction. He does not ignore or indulge them – he harnesses them. Thus, instead of their pulling in opposite directions. Thus, instead of having a kind of "civil war" amongst them, and dissipating his energies in contradictory and detrimental directions, the wise charioteer understands the different forces of his soul and constantly channels them toward his goals. By embedding them in a right overall process, he achieves harmony amongst the elements. Thus, Plato's charioteer is predominantly a self-organizer. This is what we can learn from Plato about wisdom and diversity. However, in an essay about diversity and wisdom, we do not want to restrict ourselves to a traditional Western perspective. Following instead the French hermeneutical philosopher Paul Ricoeur and his methodology of a 'conflict of interpretations' (Ricoeur, 1974), also other traditions should be integrated into the analysis– in order to learn from the diverse and sometimes conflicting perspectives on this topic. Accordingly, a second version of the charioteer shall be introduced – this time from Indian classical tradition: In the early Hinduist writings of the Upanishads, we encounter a similar picture describing the human challenge in terms of a charioteer:

> *Know that the Atman (self, soul) is the rider in the chariot, and the body is the chariot, Know that the Buddhi (intelligence, ability to reason) is the charioteer, and Manas (mind) is the reins.*
>
> *The senses are called the horses, the objects of the senses are their paths, Formed out of the union of the Atman, the senses and the mind, him they call the "enjoyer".*
>
> *Katha Upanishad, 1.3.3-1.3.4*

The Hindu scripture version of the charioteer (stemming from the middle of the first century BC) explicitly integrates the senses as well as their 'objects' into the picture. Not untypical for an Eastern tradition, the Upanishad text even more than Western tradition perceives humankind as an integral part of the natural

earthly environment. Therefore, practical experience and embeddedness in natural and cultural environments play a more important role for their narratives than for the Platonic version.

Following these lines, we can now think about the practically wise diversity manager as a charioteer. Where a charioteer might place the swiftest horses in front to pull the chariot forward with great speed and place the calmer horses on the inside to ensure that the chariot smoothly handles the curves, so the manager, knowledgeable about the strengths and weaknesses of each team member, seeks to optimize the distribution of responsibilities and tasks while establishing the trustful communication and coordinated cooperation needed to turn them into a high-performance team. This not only enhances the quality of the results, but also increases motivation, satisfaction and team identification.

The example of the charioteer also highlights the value of employing a flexible leadership style. The wise leader chooses a style that reaps the benefits diversity brings, which means that he allows sufficient latitude for co-entrepreneurial innovation and creativity. The charioteer assembles the right team and then trusts it to do its job, because in some cases, the intuition of a single horse may be better attuned to the immediacies of a situation than even the most experienced charioteer. Keeping a horse on a tight rein restricts its freedom of movement and thus prevents it from contributing to its fullest potential. For the practically wise leader this means adopting a more relaxed leadership style so long as there is no obvious quarrelling or misinterpretation that could derail the team. What is required here is *Subsidiary Leadership*, whereby leaders only intervene if due to situational constraints, the smaller unit is no longer capable of overseeing the situation or to coming to a satisfactory decision.

Summing-up, the traditional principle of Practical Wisdom and the contemporary domain of Diversity Management show several common characteristics. Both need to be anchored in legal or economic perspectives, but should also reflect an integral humanist understanding of mankind and of interpersonal cooperation. Moreover, they both have important implications for management development programs.

They demonstrate that just getting to know economic models and marketing techniques is no longer sufficient for training business leaders in the 21st century. Leadership education must also include social and cultural competencies and it must encourage the 'charioteers' of small start-ups as well as of large corporate divisions to form and guide their racing teams in a reflected and competent way. This has already proved to be true in the context of market globalization in the late 20th and early 21st centuries – but it is even more relevant in the emerging Digital Age.

4 The Wise Charioteer racing through the Digital Age

Recently, much has been said and written about digitalization, the IT start-up culture, and the transformation of production technologies. They will certainly provoke ground-breaking changes to our living and working conditions. Researchers Carl Frey, Craig Holmes and Benedict Osborne (2016) of Oxford University predict that no less than about one-third of today's jobs will be lost due to transformation processes. This will not only affect blue-collar workers, but also many academically trained specialists, for example, in banking, tax administration, and journalism. International corporations that currently are among the global leaders in traditional product markets like automotive and banking may, at best, end up as suppliers of international platforms, which will deprive them of most of their profit. Even if many of these projections remain questionable, it is clear that with the emerging Digital Age, major transformations and paradigmatic shifts are on the way. Uncertainty grows.

This is why management strategies such as 'Lean Innovation' or 'Minimal Viable Products' (Ries, 2017) are in vogue. However, success or failure will impact not only consumers, but also entrepreneurs for whom new opportunities or threats may suddenly appear on the horizon. For example, the introduction of smart phones by Apple chairman, Steve Jobs, introduced a completely new communication infrastructure. This not only spread extremely fast on global markets, it also resulted in entirely new business models, such as the creation of Apps for innovative service provisions. In the Digital Age with its quickly growing uncertainty in very different markets, a Practical Wisdom mind-set of intellectual

humility, recognition of uncertainty and change, consideration of the broader context at hand and the perspectives of others is even more useful than in earlier times. In this situation, collecting all types of available information from disparate sources, especially from across the borders of cultural, religious or demographic diversity, is crucial. For this reason, context sensitive corporations using Diversity Management are even better equipped than before. Careful perception and assessment of even weak signals become extremely important in this context. Learning more about the reaction of customers with very different cultural backgrounds is a prerequisite for long-term success. Recent problems experienced by digital companies such as UBER and AirBnB highlight the importance of legal compliance as well as the avoidance of unintended consequences of certain business operations in countries with diverse cultural backgrounds.

New challenges also arise from the growing importance of computers and robots in the production processes of many goods and services. The most recent chapter in the history of technical development was opened by discussions about artificial intelligence and the so-called deep learning of machines. Machines show themselves to be superior to human rationality in certain respects, which raises questions concerning the underlying ethical concepts. However, endless questions whether man or machine is intellectually superior or who is to blame for a machine's "behavioural choices" only prevents us from asking the really important question of the Digital Age: How can we manage the risks that are increasingly threatening the social and business foundations of modern societies? Not man *or* machine' but man *and* machine are required to answer this (and other) relevant future questions.

A good example of a necessarily different perspective is "freestyle" chess. For decades, experts wondered whether the most powerful chess computer could defeat the smartest chess Grand Master. Finally, in 2004, World Champion Garry Kasparov lost for the first time against IBM's 'Deep Blue', a newly-constructed mega-computer. Subsequently, the concept of 'enhanced chess' was created, whereby human players team-up with a computer. Moreover, in 'freestyle chess' all types of 'centaurs' are permitted: machines, humans or humans with one or more computers. The most successful chess centaurs,

however, do not find themselves among those persons who are themselves skilful players. Instead, some of them are mediocre players, who on their own could not even win a regional competition. What distinguishes a freestyle chess champion is having the Practical Wisdom to assess which computer on his 'team' has suggested the best move for a given game situation. Even in a strategically weak position, to determine which move is most likely to unnerve the opposing player.

The new perspective for Diversity Management and Practical Wisdom in the Digital Age answers the question: How can computers, robots, deep learning, artificial intelligence etc. help us to generate the ideas necessary for pursuing the Sustainable Development Goals (SDGs) redefined by the United Nations in 2015? It becomes obvious that the wise charioteer of the Digital Age is confronted with a much more complex coordination task than his classical or even modern predecessors, for there are significantly more than only four horses with diverse characters, experiences and strengths that have to be steered through the course. Min addition, there are different genders, national cultures, abilities and ages which have to be arranged for effective coordination. Nowadays there are also different *types of creatures* – natural as well as artificial – which will be formed into teams in beneficial ways.

George Lukas, the ingenious author, film maker, entrepreneur and futurist anticipated that situation in his monumental 'Star Wars' film series as early as 1977. Captain Han Solo together with his loyal companion the Wookiee Chewbacca (called Chewie) as well as the droids C-3PO and R2-D2 travel through the universe in their spaceship Millennium Falcon, fighting with the rebel army against the overwhelming power of the "Empire". Thus, not only diverse characters but also diverse creatures – some of them human, some of them animals (Chewie), some of them artificial (C-3PO and R2-D2), join forces to fight a seemingly hopeless battle. Obviously, even leadership exists in that small, heterogeneous team, but it follows a subsidiary structure, which allows 'subjects' to decide for themselves where they might best add team value. For example, due to its enormous computing power the droid R2-D2 is capable of manipulating the board computer of the Imperial battle fleet flagship and thus, rescuing the

lives of the retreating rebel team. At the same time, however, the droids also utter sounds and make movements expressing childish fear and clumsiness. They constantly have to be physically protected by their human, animal and artificial companions. In other words, the two droids are not depicted as instrumental superweapons, but rather as 'persons' with emotions, such as fear and joy, and even more complex human feelings like remorse, compassion or bad conscience. What Lucas projected here is not only cross-gender or cross-cultural, but also a *cross-creational* team cooperation which may become a common, every-day experience in the robotized and computer-supported workplace of a typical SME in the 21st century.

Practical Wisdom for designing, planning and coordinating will be a critical factor for sustainable business success in the Digital Age. Corresponding challenges include the tasks of plotting the 'characters' of artificial team members that will be processed by mechanical engineering, designing the team space and job-sharing schemes congruent with work structuring and arrangement, leading and supporting teams in production sites. The not-really-fictional-anymore film sequences of George Lucas' monumental creations or the experiences with freestyle chess centaurs, among other things, are paving our way to building a partner-like workplace culture in business. Here, enhanced diversity will become a (hopefully delightful) reality for many blue-collar and white-collar workers of the Digital Age. If this change process can be successfully executed, compared to what workers had experienced during the 19th and 20th century was not an entirely happy experience either.

5 Practical Wisdom and Virtues of the Digital Age

Wisdom in the medieval philosophy was one of the four cardinal virtues – together with Temperance, Fortitude and Justice (iustitia) (Pieper, 1964). Again, it was the Greek philosopher Plato, who numbered these virtues as the crucial faculties of man. However, even religious sources exist for mentioning these four: In the Jewish bible, the book of Wisdom 8:7 reads, "She [Wisdom] teaches temperance, and prudence, and justice, and fortitude, which are such things as men can have nothing more profitable in life." Later in early Christian times (4th

and 5th century AD), theologians like Ambrose of Milan and Augustin of Hippo repeated these four. Subsequently, Thomas Aquinas (13th century) again mentioned them not without stating, however, that Wisdom is the most important one, from which all the other virtues are born. In our times we can ask: What might Practical Wisdom be all about today? Are the cardinal virtues developed from Practical Wisdom roughly 2500 years ago still possess any orientation value in the emerging civilisation of the digital Age? In a final argument we briefly sketch some perspectives, which should be further elaborated by empirical as well as conceptual studies.

Temperance (greek σωφροσύνη /sophrosyne, Latin temperantia or moderatio): why is that relevant in the time of the Digital age? In his book 'Republic' Plato had attributed each cardinal virtue to a certain class: Temperance was common to all classes, but primarily associated with the value-creating classes, the farmers and craftsmen, and with the animal appetites, to whom no special virtue was assigned. In this tradition, temperance is introduced more like an anti-economic notion, which is opposed to business imperatives like increasing output, profit and growth. But this interpretation represents a misunderstanding; rather the right perspective is expressed by moderation or voluntary self-restraint. Temperance opposes violent retaliation, arrogance, splurging or excessive craving. Hildegard from Bingen, the great spiritual leader and author of medical spirituality books from the 12th century, even uses temperantia discretion as the core virtue towards all the others. In her book 'ski vias' (written 1141-1151 BC) she writes (Gresser, 1998): *discretio* does not mean discretion in the modern sense but rather humility, loving attention, attention, patience, prudence, fairness, wisdom and wisdom. *discretio* ensures the right balance of all other virtues and action criteria of the human being. The order of life is based on the principles of prudence and moderation. The motivation for this is mercy (misericordia), which is focused on caring (cura) for one's fellow man. In her book 'sci vias' (recognize the ways) Hildegard sums up this holistic view of life as follows:

> *"The soul flows through the body like the juice through the tree. The juice causes the tree to blossom green and bear fruit. And how does the fruit of the tree ripen? By the appropriate change of weather. The sun gives warmth, the rain moisturizes, and so it*

matures under the influence of the weather. What are you doing? The merciful grace of God enlightens man like the sun, the breath of the Holy Spirit dews him like rain, and the right measure (discretio) shows in him the perfection of good fruits like a corresponding change in the weather. This discretio is the measure of all things, of the course of life and of the individual day towards completion in salvation…" (Sci vias 1, 4, 25 (CC CM 43, 84).

How can we apply this set of normative orientations in the Digital Age? *Discretio* and wisdom demonstrate themselves here as fruits of an equilibrated life, as appreciation of diversity: a diversity of feelings, impulses and experiences - against all 'nerdish' one-sidedness. With the quick and immediate access points it brings with it, ICT offers new access routes towards these kinds of 'diverse' experiences. As we know today, however, it may also be used to lock oneself up in homogeneous and often even homophobic social networks thereby contributing to narrow the own perspective dramatically. So Wisdom remains the guiding force, here.

Even the virtue of *fortitude* proves its topicality in the digital age: New inspiring business cases and models become conceivable - thus unleashing a new dimension of 'disruptive' change. Its realization, however, also calls for courageous business strategies, for which more costumer orientation than ever before in the history of market economies is required. For disruptive innovators, uncertainty is much more radical a condition of their starting position (see Riess 2011). While established companies know a lot about their relevant costumer group – their interests, inclinations and desires – disruptors have to rely on a series of assumptions concerning the value they create for their stakeholder groups. In case one or two important assumptions demonstrate themselves as flaws, the whole business model needs quick pivoting - or runs the risk of failure. Therefore, a new failure tolerant start-up culture emerged as well as new management instruments to carefully observe costumers and stakeholders. Even in the digital age, fortitude has therefore nothing to do with naïve recklessness or bravado. Rather it enfolds itself as a dimension of Wisdom, humility and loving attention for the relevant context variables.

Finally, Practical Wisdom in the digital age also covers the virtue of *Justice*. In what respect? Techno-freaks among the digital age Entrepreneurs may some-

times lose sight of the precarious social conditions, under which they operate globally. As the French Philosopher Benoit Godin (2017) has shown in his most interesting book entitled 'Innovation contested', the idea of Innovation used to have a negative connotation over the centuries of Western civilisation. This changed only during the Industrialization, which transformed Human living conditions radically towards the better. However, if Companies and innovators want to maintain a social environment which still guaranties their freedom to realized their innovative ideas, then they should think about how to systematically compensate potential losers in society. Recent developments like the 2016 US elections or the Brexit decision gaining a majority of the British voters during the same year remind us of the context dependency of innovation cultures. Loving care and attention for the less fortunate contemporaries (which already brought about the welfare state during the recent centuries) is not only a normative postulate for successful business people in this situation but rather a necessity to stabilize the social foundations they are relying on as Entrepreneurs.

6 Final Remarks

This essay turns a long sweep from Diversity Management and Practical Wisdom to the emerging culture of the Digital age. However, I hope to have shown that what results is more than just a collection of buzzwords. Rather it strives to feel a way towards safeguarding the heritage of the past even vis-à-vis the enormous challenges lying ahead. The 21st century may end up transforming Human living conditions in even a stronger way than did the 19th century Industrialization. Neither can superficial norm catalogues help us in making difficult trade-off decisions for balancing contradicting claims; nor does retrospective cultural criticism bring back a false security of simple messages. The charioteer accepts her Leadership role even in stormy times; this is precisely why she remains attentive to an increasingly complex economic and social environment: this is why she is a diversity manager.

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Reflections on Cosmopolitanism as a Normative Guideline for Practical Wisdom

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1 Introduction

The idea of "Practical Wisdom" – the roots of which have a millennia-old tradition (see Bachmann, 2017, this volume) – has experienced a remarkable renaissance, at least since the most recent economic and financial crisis with its severe socio-economic implications for global society. There are numerous push factors that make Practical Wisdom increasingly attractive to both the scientific community and normatively inspired leadership. Key factors include the seemingly limitless greed of a number of managers, transnational companies that operate largely detached from their social environment and, not least, the growing social fragmentation and polarization in many countries. The causes of the most recent management scandals and their negative impacts on social development are multi-faceted and the, to some extent, still ongoing processes of dealing with their consequences reveal a complex and polycausal structure. The highly publicized events have also been perceived as an expression of more fundamental social and economic problems, and specifically issues with current leadership and decision-making practices. As a result, an increased incorporation of Practical Wisdom into management theory and practice that goes beyond the present focus on profit maximization and opportunism has been demanded (Bachmann, Habisch & Dierksmeier, 2017; McKenna, Rooney, & Boal, 2009). In line with the message behind the catchphrase "the right way to do the right thing" (Schwartz & Sharpe, 2010), these wisdom-based approaches in management and organizational research can be characterized as a key effort to bridge the gap between purely theoretical knowledge, on the one hand, and context- and practice-oriented knowledge, on the other, by adding ethically relevant aspects (see, for example, Bachmann, 2015; Küpers & Pauleen, 2013).

In this context, Practical Wisdom is increasingly viewed as a promising antidote to one-dimensional mismanagement and poor decision making. The concept of Practical Wisdom can inspire responsible and sustainable leadership practices (Intezari, 2015; Nonaka, Chia, Holt, & Peltokorpi, 2014), especially in the light of the current renewal movement within the discipline towards a more holistic understanding of management. However, Practical Wisdom as a thought concept also has several limitations and faces challenges with regard to its contem-

porary adaptation, which should not be underestimated. The original ideas and terminology, including their implications for the management strategies of companies, need to be adapted and applied to current socio-cultural developments. The increasing heterogeneity of organizations and their personnel, which is closely related to globalization, migration, and demographic changes, has made the management and leadership tasks of the 21st century more complex and challenging but also more multifaceted and rich in new perspectives (Schneider, Barsoux & Stahl, 2014; Hansen, 2016; Scherle, 2016b). A statement by the Lufthansa Group (2017) pinpoints this in an almost ideal-typical manner:

> *"The Lufthansa Group's employees come from literally all over the world. They hail from very different cultures and ethnic groups, belong to a range of age groups, and bring to their jobs an enormous variety of skills and outlooks. Such abundant diversity in human resources is crucial to our ability to ensure the long-term endurance of our strong competitive position. We regard this very diversity as a source of great opportunities for our company."*

Social differences regarding culture, regional identity, value systems, and concepts of morality have existed since the times of Aristotle, whose philosophical reflections have had a lasting influence on the contemporary understanding of Practical Wisdom. In ancient times, ideological concepts were relatively homogeneous within locally fragmented societies that took their bearings from the unchallenged and generally accepted customs and traditions of the polis and community. In today's globally-connected world, societies are influenced by a much larger diversity of different – and sometimes controversial – sociocultural systems of thought and interpretation. The implicit co-existence of global and local impulses as well as different cultural, socio-economic and political forms of organizations and ways of life, gradually replace traditional dichotomies, such as "national" versus "international", "inside" versus "outside" and "native" versus "foreign". This increasingly requires a cosmopolitan perspective (as defined by Beck 2004). A contemporary adaptation of Practical Wisdom therefore has to develop heuristics for dealing with differences in the canon of values and priorities of individuals and social systems (Baltes & Staudinger, 2000) and needs to frame existing divergences in a positive light (Kals & Ittner, 2013). In global markets and production bases, the principles of leadership and decision-making

have to consider and include diverse religious traditions (Habisch & Bachmann, 2016), value systems (Bai & Roberts, 2011) and notions of what constitutes a successful life or worthy life goals (Ellett, 2012).

With these objectives in mind, our essay links Practical Wisdom to selected reflections on cosmopolitanism; an approach that calls for a society of global citizens. In our opinion, cosmopolitanism is practically unrivalled as an enabler of Practical Wisdom in an increasingly transnational world where diversity is not only a normative concern, but also a strategy for sustainably increasing the competitive advantage of companies. (Bachmann et al., 2017; Page, 2007; Scherle, 2016a).

Sections one and two of this essay introduce the fundamentals of Practical Wisdom as a resource for responsible and sustainable leadership. In section three, the concept of "offene Unternehmung" (open enterprise) is presented. With its key element of a multicultural open organization, it is a conditio sine qua non for Practical Wisdom and cosmopolitanism. Section four outlines the concept of cosmopolitanism which argues for a society of global citizens beyond the classical dichotomies of "national" versus "international" or "native" versus "foreign". The essay concludes with a problem-based summary.

2 The nature of Practical Wisdom and its cosmopolitan gap

For centuries the occupation with, and the search for, Practical Wisdom has been an important component of the philosophical discourse of both western and eastern traditions. The quest for passing on the resources of Practical Wisdom to future generations, in the form of tried-and-tested knowledge, practical advice or philosophical reflections, is an inherent part of virtually all human cultures. Early types of "wisdom literature" – in the form of everyday wisdom recorded on clay tablets – can already be found in the Sumerian culture which was native to antique Mesopotamia (present-day Iraq) more than 5000 years ago. Similarly, ancient Egyptian sources of wisdom passed on ideas and advice on practical virtues and a successful life for posterity. No less important were far eastern wisdom traditions which, for example, were recorded in the influential book Yí Jīng that contains references and orientation regarding a virtuous,

practically wise way of life (Legge, 1964). In their comparative study, Takahashi and Overton (2005) identified three overlapping key characteristics of Practical Wisdom in far eastern traditions: First, a transformational feature, which focuses on transcendental experiences and is associated with the spiritual practices of Hinduism and Buddhism. Performing wise actions helps an individual to adapt his or her personality to the eternal principles of existence. Second, an integrative feature, which refers to a process of understanding that centers more on emotional experiences than on cognitive and intellectual structures alone. For instance, the Taoist philosophy of the early Chinese civilization considered intuition and compassion to be the premier path to wisdom (Birren & Svensson, 2005). Third, a pragmatic feature of wisdom refers to useful and established knowledge treasured and passed on by family and kinship (Takahashi & Overton, 2005).

While the tangible aspects of Practical Wisdom, such as the preservation and transfer of cultural and spiritual heritage, have been practiced for centuries, the Greek philosopher Aristotle was the first to systematically develop a formal understanding of Practical Wisdom (*phrónesis*) as one of the five intellectual virtues (cf. also Radicke's chapter in this book). Based on his understanding, Practical Wisdom is characterized, on the one hand, by its relevance for shaping and modifying human actions and, on the other hand, by functioning as a normative guideline for the recognition of ethically sound goals for action. These characteristics distinguish Practical Wisdom from other intellectual virtues, such as theoretical wisdom or intuition. In ancient popular philosophy, Practical Wisdom subsequently evolved into *auriga virtutum*, the "charioteer of virtues", from which the term prudentia emerged in the Middle Ages, a notion of wisdom that was developed most influentially by Thomas Aquinas in his *Summa Theologiae* (II-II, 47-56). However, with the emergence of contractualist (Rousseau, Hobbes, Locke, Rawls) and consequentialist (Bentham, Mill) theories, Practical Wisdom lost its function as a normative guideline and as the ultimate principal of ethics to reason, and the term's meaning was increasingly reduced to technical skill. With regard to Practical Wisdom, Osbeck and Robinson (2005, 61) state: "[T]here are few concepts toward which contemporary philosophers show greater resistance."

Practical Wisdom has only recently re-entered the realm of research discourse in different disciplines. In particular, it has been adopted in philosophy as a hermeneutic model (Gadamer, 1942, pp. 312-324) or theory of action (Cooper, 2012; Rhonheimer, 1994) and in pedagogy as an intermediary between theory and practice (Langewand, 2004). It is due to wisdom-oriented research in psychology that Practical Wisdom was introduced into empirical research in recent decades, for example, as the skill to balance individual interests with those of larger entities (Sternberg, 1998) or as the expertise to solve complex issues regarding meaning and way of life (Baltes & Staudinger, 2000). Inspired by these efforts in neighboring disciplines and triggered by the examples of mismanagement and unwise leadership decisions described earlier in this article, the scope of organizational and management research widened to include this recent trend by adapting the fundamentals of the antique topos of Practical Wisdom to different sub-disciplines and economic contexts of modern society. This research primarily focusses on issues related to practically wise decision-making processes, the characteristics and conditions of practically wise leadership, and Practical Wisdom as an educational ideal for future managers and decision makers. Due to the complex conceptual history and the use of the subject matter in a variety of disciplines, wisdom-oriented management research has been reluctant to introduce a generally accepted definition of Practical Wisdom, not least to avoid a reductionist or eclecticist narrowing of the actual meaning of the term. Nevertheless, different researchers have attempted to come closer to the nature of Practical Wisdom by analyzing its key characteristics and assets (see Bachmann et al., 2017; Intezari & Pauleen, 2018; McKenna et al., 2009). In a comparative analysis, Waddock (2014) successfully identified three key elements of Practical Wisdom that are of particular importance for responsible and sustainable leadership: moral imagination, systems understanding und aesthetic sensibility.

Werhane (1999, p. 93) describes **moral imagination** as the ability "in particular circumstances to discover and evaluate possibilities not merely determined by that circumstance, or limited by its operative mental models, or merely framed by a set of rules or rule-governed concerns." As a central element of Practical Wisdom, moral imagination embodies the skills of ethical sensitivity and moral-

contextual mindfulness. This characteristic of Practical Wisdom differs substantially from an ethically indifferent instrumental rationality or, even more so, from unethical cunning. In the Aristotelian-Thomistic tradition, practically wise actions are guided by the principle of utmost potentiality for being (*finis ultimus*). From the perspective of motivation psychology, a practically wise person develops an individualistic moral style which takes its bearings (with differences in manifestation) from emotional and empathetic experiences, the wish to conform to role models as well as the cognitive insight of ethically informed actions (Wagner, 2013). Moral imagination necessitates raising awareness that managerial or leadership contexts, decisions, and actions inherently have moral implications that need to be taken into account. In this context, Clark (2010, p. 684) accurately highlights with respect to the managerial challenge of ethical judgment: "Economic actions are necessarily ethical and cannot help being so, for they involve choosing (which requires criteria of choice) and because all economic actions are necessarily social actions, working or exchanging with others." Moral imagination as a trait of Practical Wisdom enables people to "create images of the future to illuminate the present" (Roca, 2010, p. 137). In contrast to the ostensibly value-free and mechanistic paradigm of traditional decision-making models, Practical Wisdom brings about a reassessment and reintegration of the visionary and moral dimension of management practice.

Systems understanding (or systems thinking) describes the ability "to see and understand the system dynamics and implications of those dynamics" (Waddock, 2014, p. 134). From a phenomenological perspective, practically wise actions are inherently contextual and, for the choice of appropriate means, need to take into consideration both rational and non-rational aspects of any given situation. With its inclusive perspective of the world, Practical Wisdom inevitably incorporates all realms and functional logic of complex reality and provides an understanding of their reciprocal interdependencies This reality-oriented aspect of Practical Wisdom is of particular importance in wisdom-oriented management research, especially in view of current economic events which are characterized by uncertainty, information deficits, ambiguities and unpredictability (Bachmann et al., 2017; Intezari & Pauleen, 2014). Practically wise leadership therefore dispenses with apparently simple "one size fits all"

solutions and transcends the one-dimensionality of economic system rationality (Nonaka et al., 2014; Statler, 2014).

Practically wise answers and solutions for concrete situations or a specific problem often require a high degree of creativity, imagination and skill. Therefore, Waddock (2014) describes **aesthetic sensibility** or the ability to see the design and aesthetic implications of a situation or decision as the third core element of Practical Wisdom. Similarly, in summarizing wisdom principles for leadership, McKenna et al. (2009, p. 180) state that wise leaders are not only articulate, but that they "understand the aesthetic dimension of their work and see the intrinsic personal and social rewards of contributing to the good life". The "beauty" of Practical Wisdom emerges through the interplay of balance and harmony into a new, creative and inspired solution dealing with any situation at hand.

However, far too little consideration is given to how the foundational elements of Practical Wisdom (discussed here as moral imagination, systems understanding, and aesthetic sensibility) might be developed, exercised, and – maybe most importantly – taught in an age of cosmopolitanism. That is, how can a cosmopolitan view on Practical Wisdom be developed?

3 Open enterprise as a central premise for Practical Wisdom and cosmopolitanism

Traditionally, structures and processes of enterprises are aligned with the needs of the dominant group which, in general, occupies the majority of key positions within an organization and therefore also plays a leading role in the arena of power politics (Sepehri, 2002). In diversity research, a construct of this nature is referred to as "homogeneous ideal" which has its roots in the normative perspective of communitised human resource policy. In this construct, the heterogeneity of individuals is not valued but neglected and, in the worst case, consciously suppressed. The corresponding human resource policy is based on monocultural and culturally homogeneous organizations in which individuals who share the same or similar attributes and values are given preference. Those who deviate from the dominant group are expected to adapt to the "homogeneous ideal" (Schulz, 2009).

Conversely, the guiding principle of the "heterogeneous ideal" explicitly takes up the deficits of a monocultural, closed organization and, as an alternative idea, introduces the guiding principle of a multicultural open organization. According to Cox (1991; 1993), this type of organization is primarily characterized by the following aspects: pluralism, a comprehensive structural integration, the inclusion into informal networks, an absence of prejudices and discrimination, a negligible number of conflicts between groups, and the identification of almost all members with their organization. Closely connected to the conceptual self-image of multicultural, open societies, and building on the theoretical deliberations on open society by Popper (1945), the German economist Herrmann-Pillath (2007) developed the concept of "offene Unternehmung" (open enterprise). The most important characteristics of this concept are listed below:

- Open enterprises permit a pluralism of goals which are generated in an endogenous and self-organized manner. Leadership positions are deliberately distributed across the functional hierarchy. In addition, the entrepreneurial function is highly decentralized which coincides with a decentralization of power structures.
- Open enterprises are characterized by diffuse and ambivalent membership criteria which significantly affects how entrepreneurial functions are distributed throughout the organization. Employees have a high degree of flexibility to be active within and beyond the boundaries of the enterprise. Hence, an open enterprise is primarily a networking organization: In the ideal case, open enterprises function as a focal point for closely-knit, sustainable network connections between its members. However, open enterprises go far beyond legally fixed boundaries and include, for example, spin-offs or stable long-term relationships with suppliers.
- Open enterprises facilitate a pluralism of lifestyles for its employees, precisely because they constitute networks that enable changing affiliations and support individualistic models for the coordination of personal development, professional growth and intra-organizational careers. Open-enterprise relationships with their staff are characterized by double inclusiveness. Not only do open enterprises see themselves as an important ele-

ment in the personal development of their members but staff are also regarded as significant players in the development of the organization.

- In accordance with their pluralistic goals and permeable organizational boundaries, open enterprises take a very open-minded approach to developing goals by taking into consideration both endogenous contributions and input from the social environment. Open enterprises are, in the broad sense of the term, stakeholder-oriented, that is to say they not only derive their goals from the market signals of demand but also through direct communication with affected and interested individuals.
- Open enterprises communicate proactively with their environment, focussing on a maximum degree of transparency with respect to their structures, processes and decisions. Open enterprises share information, because they, in turn, are dependent on the continuous flow of information from their social environment.
- Open enterprises do not regard shareholder value, or expected profit, as the primary goal of their activities but rather as a necessary condition for the achievement of their goals. Hence, shareholder value only represents a lower-level objective that is derived from higher-level organizational goals. Accordingly, open enterprises acknowledge the trade-off between higher-level and lower-level goals for which a solution has to be developed through communication with all relevant actors.

From a diversity-specific perspective, the key advantage of a multi-cultural open (versus a monocultural closed) enterprise is its focus on plurality in combination with the proactive integration of all relevant groups of employees (Sepehri, 2002). An ideal and therefore non-communitised human resource policy, according to Cox (1991, p. 42), attempts to create an enterprise where level of hierarchy is no longer correlated with the affiliation to a certain group: “The objective of creating an organization where there is no correlation between one’s culture-identity group and one’s job status implies that minority-group members are well represented at all levels, in all functions, and in all work groups.” At this point in time, it is unclear to what extent open (versus closed) enterprises will prevail. According to Herrmann-Pillath (2007), two main aspects underpin the long-term success of multicultural open organizations: their higher

innovative capacity in comparison with monocultural closed organizations and the observation that the continued progress of an open society requires open enterprises.

4 Selected reflections on cosmopolitanism

Like Practical Wisdom, cosmopolitanism has a millennia-old tradition. The term can be traced as far back as the forth century before Christ. In the ancient Greek language, *kosmos* stands for universe or world order and polis is the term for city or state. At that time, cosmopolitans were primarily citizens that wanted to dissolve the prevailing dichotomy between polis and non-polis members and saw themselves as part of the overarching order of the *kosmos* (Albrecht, 2005). In this context, cosmopolitanism implies the categorical rejection of traditional views that required each civilized person to be a member of a political or administrative institutionalized unit - in this specific case a member of the numerous Greek city states (Appiah, 2009). Instead, the ideal of a global citizenship increasingly came to the fore. This concept is closely connected with the emergence of a politically defined cosmopolitanism which is primarily guided by the normative proposition that a transnational, respectively global, order should be installed in which all people become fellow citizens with equal rights. This transnational perspective, which transcends the borders of the polis, makes cosmopolitanism an ideal complement for Practical Wisdom by bringing the question of how to achieve a successful life through practically wise actions to the global stage.

Throughout European history, cosmopolitanism has always played a particularly prominent role in times of social upheaval (see Erskine, 2002; Linklater, 2006; Beck & Grande, 2007). Kant certainly made the most significant contribution to the concept of cosmopolitanism in the Age of Enlightenment. Kant, who almost paradigmatically represents both a moral and political cosmopolitan, differentiated between constitutional law which governs the legal relationships between people within a state, international law which regulates the legal relationship between countries, and cosmopolitan law (*ius cosmopoliticum*) which codifies the legal relationships between individuals that are not regarded as citizens of a

specific human community but as members of a global civil society. Kant gave the term *kosmopolites* a new meaning, namely that of global citizen, by demonstrating that not only countries (respectively heads of state) but also citizens (and their, at the time, increasingly differentiated and transnational organizational structures) are relevant actors on the international stage (Benhabib, 2006; 2009).

Cosmopolitan law primarily concerns international transactions in the broadest sense and, with communication, interaction and trade, also involves aspects that are closely connected with the current discourse on globalization. In view of its timelessness, it is hardly surprising that even today, Kant's cosmopolitan concept is frequently adopted. The US-American geographer Popke (2007, p. 509), for example, states: "If Kant's cosmopolitan ideal still resonates today, this is perhaps because Kant's era was witness to the emergence, in nascent form, of the political and economic relationships that have come to characterize our own global modernity. Writing at the apogee of the mercantile trading system and on the cusp of the industrial revolution, Kant was able to capture both the challenges and the opportunities posed by a truly global community of nations, and to articulate the need thereby to rethink the grounds for political and ethical thought."

It should be emphasized that, throughout the course of history, the term cosmopolitanism also carried negative connotations, especially in totalitarian regimes such as National Socialism or Stalinism. In both regimes, cosmopolitans were regarded as uprooted, homeless and unreliable contemporaries who were categorized as dangerous and therefore often persecuted. In addition, the "cosmopolitan" was frequently equated with "the Jew", to whom unequivocal situatedness or affiliation was denied. (Keupp, 2008; Appiah, 2009).

Beck writes, that "in the collective system of symbols used by the Nazi's, 'cosmopolitan' was another word for death sentence. All victims of the systematic mass murders were considered to be "cosmopolitans", the term, itself came to mean death sentence, and as such, was quasi also executed. The Nazis said Jews and meant cosmopolitans, and the Stalinists said cosmopolitans and meant Jews. In many countries, "cosmopolitans" are, to this day, considered to

be in the same category as the uprooted, the enemy, or insects that can, or even should be, expelled, demonized and destroyed." (Beck, 2004).

Cosmopolitanism constitutes a key point of reference for virtually all cultural and social science disciplines, and some already speak of a cosmopolitan turn or the age of cosmopolitanism. Based on Fine (2006), Kozlarek (2011) summarizes the conceptual identity of cosmopolitanism in three key points: Firstly, cosmopolitanism makes an explicit effort to overcome "methodological nationalism", which is based on the idea that the social world could be adequately described, explained and critically assessed, if it were primarily viewed from a nationalistic perspective. Secondly, it is assumed that the age of cosmopolitanism is in many ways a paradigmatic break from earlier epochs in which people created their identity nearly exclusively through national, ethnic and religious affiliations. An ambitious humanistically conceived cosmopolitanism implies that it is possible to identify with humanity in toto, even when faced with the fact that mankind is strongly fragmented and – due to progressive individualization and pluralization processes – will be even more so in the future. Thirdly, cosmopolitanism is conceptualized as a normative horizon, according to which members of different societies and cultures see themselves increasingly as global citizens. In this case, cosmopolitanism implies that people free themselves from the narrow internal perspective of their country or culture.

Cultural differences are neither arranged into a hierarchy of otherness, nor diluted into a universalist paradigm, but are simply accepted.

Terminology that reflects entire processes in a semiotic fashion (such as cosmopolitanism) is generally difficult to capture with purposeful definitions without risking a normative and reductive codification of terms (Albrecht, 2005). It is therefore particularly helpful that Vertovec and Cohen (2002, p. 8ff.) made a commendable attempt to bring structure to the complex diversity of cosmopolitanism concepts by identifying six partially overlapping approaches. Cosmopolitanism1) a socio-cultural condition, 2) a philosophy or world-view, 3) a political project 4) a political project that highlights the need to appreciate the diversity of identities, 5) an attitude or disposition, 6) a practice or competence.

The unifying element between these six approaches is the premise that cosmopolitanism combines the appreciation for differences or otherness with selected (and, as a rule, normatively charged) principles such as tolerance, participatory legitimacy and effectiveness. This view goes hand in hand with the recognition that we have long since lived in a global society in which cultures in the sense of sealed-off static monads have become largely fictitious (Harvey, 2009).

The coexistence of global and local influences and of different cultural, socio-economic and political types of organizations and ways of life gradually supersedes traditional dichotomies such as “national” versus “international”, “inside” versus “outside” and “native” versus “foreign” (Poferl & Sznaider, 2004; Roudometof, 2005; Beck & Grande, 2007). The successful tackling of the more and more complex challenges of the 21st century requires, more than anything, a “cosmopolitan perspective” as defined by Beck (2004, p. 10). Five closely interwoven principles constitute the “cosmopolitan perspective” which can be conceptualized based on both normative-philosophical and empirical-sociological aspects (Beck, 2004, p. 16):

1. Global crisis experience: Global risks and crises can increase the recognition of interdependence and create a “civilizational community of fate” which progressively erodes the boundaries between “inside” and “outside”, “us” and “others”, and “national” and “international”.
2. Recognition of global social differences which can either be associated with an increased potential for global conflict or a – sometimes quite restrained – curiosity for the alterity of others;
3. Cosmopolitan empathy and change of perspective, and the associated virtual interchangeability of ideas which can either be perceived as a threat or as an opportunity;
4. Inability to live in a global society without borders and the resulting urge to redraw and secure old boundaries;
5. “Melange”: Local, national, ethnic, religious and cosmopolitan cultures and traditions are pervasive, connected, and integrated. Cosmopolitanism without provincialism is empty, and provincialism without cosmopolitanism is blind.

In view of the increasing intensification of global social relationships, the world of the "cosmopolitan perspective" is not only a world of glass in which differences, contrasts and boundaries around the fundamental similarities of others are constantly redefined and readjusted, but it is also a world in which the different ways of dealing with alterity have to be continuously balanced. The individual balance between the different approaches to cultural diversity is not determined by "either-or" but rather by "as-well-as" (Giddens, 1992; Beck, 2004).

5 Summary

This contribution discussed and outlined connections between the two concepts of "Practical Wisdom" and "cosmopolitanism" that have a centuries-old terminological history and may never before have been as socially relevant as they are today. Practical Wisdom – as the interplay of moral imagination, systems understanding and aesthetic sensibility – is able to actively and adequately address the challenges of an increasingly more complex and interdependent world. In light of the multi-faceted issues and negative repercussions associated with the most recent economic and financial crisis – outlined at the start of this article – Practical Wisdom can be an important building block for ecological, economic, socially sustainable and successful entrepreneur- and leadership. Cosmopolitanism, on the other hand, appears to be a very productive concept for an empathetic and effective approach to the more and more complex challenges of an increasingly transcultural world in which we experience otherness as a daily cultural practice. Nevertheless, we have to rediscover, deepen and preserve our tolerance of otherness on a daily basis. In short, we need to work on it, if we want to reach beyond abstract tolerance and achieve true everyday cosmopolitanism.

This essay, which dovetails an historical perspective with current socio-cultural transformation processes, demonstrates the timelessness of Practical Wisdom and cosmopolitanism and thereby belies their status as new-fangled trends. To date, the scientific community has undertaken very little research into the connection between the two concepts. The primary concern of this contribution is

to initiate first reflections on the links between Practical Wisdom and cosmopolitanism and to thereby lay the foundation for more in-depth explorations. In this context, we should continue to draw attention to the multi-faceted advantages that human diversity can offer us in today's world:

> *"What each of us has to offer, what we can contribute to the vibrancy of our worlds, depends on our being different in some way, in having combinations of perspectives, interpretations, heuristics, and predictive models that differ from those of others. These differences aggregate into a collective ability that exceeds what we possess individually. (…) People often speak of the importance of tolerating difference. We must move beyond tolerance and toward making the world a better place. (…) We should recognize that a talented "I" and a talented "they" can become an even more talented "we". That happy vision rests not on blind optimism, or catchy mantras. It rests on logic. A logic of diversity." (Page, 2007, pp. 374).*

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Diversity Management at SEISSENSCHMIDT GmbH – Generation Management as a Competitive Advantage

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1 Introduction

Our contribution to this volume is the presentation of Diversity Management (DiM) as it was implemented in the German subsidiary of SEISSENSCHMIDT GmbH, a multinational die casting concern.

2 The Company

The company, founded by Hermann Bernhard Seißenschmidt in 1846, initially produced railroad components, as well as screws, bolts and nuts. In 1964, an investment made in the first, multi-stage press, led to the production of die cast parts for the automotive industry. (cf. SEISSENSCHMIDT, 2017). With headquarters in Plettenberg, Germany, SEISSENSCHMIDT has five production locations: three in Germany, one in Hungary, one in the USA. In January 2015, the company was acquired by the Linamar Corporation, headquartered in Guelph, Canada. The corporation has approximately 25,000 employees at 59 locations worldwide.

3 Effects of demographic change at SEISSENSCHMIDT

One might think that for a company like SEISSENSCHMIDT, which develops and manufactures innovative and competitive products, has multinational operations, and is a market leader in several categories, attracting new employees would be a relatively simple matter. That this was not the case is largely due to the effects of the megatrend demographic change which led to an ageing of society, and which is reflected in a superannuated labor force. (cf. Statistisches Bundesamt, 2015). The situation is exacerbated by a downward trend in birthrates which makes it difficult to find replacement staff.

While the effects of this trend are felt country-wide, they are more dramatic for small and medium-sized companies located in rural areas, such as SEISSENSCHMIDT. Due to the low birth-rate and to preferences for urban living, the population of Plettenberg is declining as well. In 2015, Plettenberg had approximately 25,500 inhabitants and the number has been steadily decreasing (Landesdatenbank NRW, 2017) According to a demography report by the Ber-

telsmann Foundation, focusing on Plettenberg, roughly 7.5 % of births (for 1,000 inhabitants) is offset by 13.4 % of deaths. The report also clearly shows that the number of people leaving the town exceeds that of the new arrivals. When compared to the overall figures for North Rhine Westphalia, the figures for Plettenberg look dramatic. While the population in the country of NRW will shrink by approximately 2.3 %, Plettenberg is going to lose 14 % of its population (Bertelsmann Stiftung, n.d.). What we see here is a continuing trend, partly due to the fact that towns located in rural areas are becoming less attractive to younger people, who seek careers in the larger cities or in more densely populated regions. For SEISSENSCHMIDT this means that in the foreseeable future it will have to rely on an increasingly older workforce. The development is shown in the following figure.

Figure 1: Development of age structure at SEISSENSCHMIDT (own design)

Our forecasts show that in five years' time, the number of employees belonging to generations X (born between 1966 and 1976) and Y, also called Millennials (born between 1977 and 1994), will decrease significantly. It is expected that the company will have a shortage of 103 persons from these age groups. In ten years this figure is expected to rise to 210 persons. At the same time, the num-

ber of so-called Baby Boomers or Boomers II (born between 1955 and 1965) is expected to increase, i.e. in five years' time there will be 239 "older" employees in the company and in another five years the number will have risen to 286.

These figures show how important it is for us as a relatively small German subsidiary of a larger group and based in a predominantly rural area (the so-called Sauerland) to find ways to attract and retain talents and skilled workers. There is a nation-wide war for talents and mostly it is companies with our characteristics that lose out. SEISSENSCHMIDT'S strategy to counter the trend and win its battle for talent is Diversity Management, with particular focus on generation and knowledge management.

4 Diversity Management at SEISSENSCHMIDT

Diversity Management (in the following referred to as DiM), (which is treated in more detail by Petia Genkova in this volume), is a large field, and when SEISSENSCHMIDT decided to embark on this project in 2012 it was still a rather new and untried strategy companies located in the rural regions of North Rhine-Westphalia. There were already some measures geared towards the promotion and utilization of diversity, albeit on a more or less intuitive level and without following a specific methodology or process. However, after analyzing the trends and developments described above, it was clear that the company needed to find solutions even if this meant entering largely unchartered terrain.

For SEISSENSCHMIDT DiM has proved to be an invaluable means for attracting potential apprentices and keeping them in the company after their two to three-year vocational training and thereby counteracting the negative effects of the demographic changes described above.

4.1 Developing and implementing the DiM strategy

The very first step was to put together a core team, with members representing the different diversity dimensions, to develop a vision and mission that focused on the benefits of diversity. The result of the team's work was a mission statement approved and signed by the DiM manager, the works council and the top management. This was to show that the topic of diversity was endorsed by all

groups in the company (Groos, 2015). The involvement of the management and the decision to proceed in a top-down manner as far as the initial steps and the development of DiM were concerned is in line with the findings in a study Ernst & Young conducted to commemorate the 10th anniversary of the Charta der Vielfalt, which identified the "top management [to be] the most important driver of Diversity Management in companies" (Ernst & Young, 2016, p. 11).

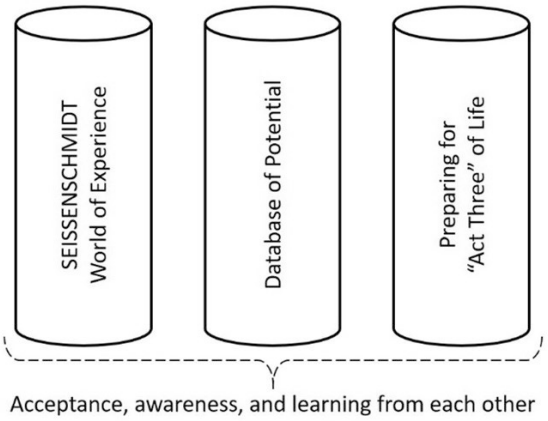

Figure 2: Three Pillar Model (own design)

In small and medium-sized companies the implementation of DiM is quite different from what is done in large companies and conglomerates. SMEs tend to focus on measures which are targeted towards a specific need or demand to promote diversity (cf. Charta der Vielfalt n. d.). Thus, we decided to focus on the dimension age and to start by creating an awareness among employees of the problem facing the company (ageing workforce) and to explain what the management approach would entail. For major projects such as this one, it is of vital importance to have the staff understand and endorse the idea and strategy and to be involved in the development of solutions (see Frank Ihlenburg in this volume.)

So, first of all, the company's intranet and in-house magazine as well as social media were used to raise awareness. In the next step, Human Resources carried

out in-depth research which involved an intense review of the literature for valuable insights and the conducting of surveys with an emphasis on employer branding. The results convinced us that it was both wise and profitable for the company to introduce DiM at SEISSENSCHMIDT (Groos, 2015).

One of the first things we did in the process was to develop a model of what we wanted to achieve. The result is the "Three-Pillar" Model which shows SEISSENSCHMIDT'S primary DiM activities (see figure 2).

The first pillar – the *SEISSENSCHMIDT World of Experience* – brings the generations together and allows the participants to exchange their knowledge and experiences so that they can learn from each other.

The second pillar - the *Database of Potential* - pools the individual strengths of the employees beyond their professional activities. Employees can enter their interests and skills in a form on the intranet. Examples of what may be found in the database are language skills, IT knowledge and other special technical expertise. Over time, the database has revealed valuable untapped knowledge and talents. One very good example is an employee, who worked as a forklift driver for many years and noted down in the database that he has extensive SAP-knowledge. He is now the SAP expert at SEISSENSCHMIDT.

The third pillar - *Preparing for Life's "Third Act"* - is concerned with the final phase of working life. Instead of managing the exit of employees in a standardized, bureaucratic way, the company prepares them for retirement and supports them throughout the process. To that end, there are activities related to life after work, including regular workshops where topics such as insurance, living wills, etc. are explored. The employees close to retirement can prepare for the time after their working life has ended and still feel as a part of the SEISSENSCHMIDT family.

Specific measures, such as close cooperation with schools and the establishment of internship programs were agreed upon right from the start of the DiM project, and since this is an ongoing process, they are being adapted continuously in order to be able react to changes and new developments, i.e. changes in the employee structure and phenomena like migration and social changes.

4.2 SEISSENSCHMIDT'S World of Experience

One of the focal points of the first pillar is the diversity dimension, "age". The *SEISSENSCHMIDT World of Experience* is an integral component of the apprentice training plan and all apprentices participate in it at least once during their professional training - preferably in the second or third year. One of the main features is that apprentices regularly meet retired SEISSENSCHMIDT employees over a period of six months. In an informal atmosphere, the group discusses a wide range of topics and works together on various job-related projects.

For the apprentices, the learning objectives are to enhance their social competencies, especially in the context of dealing with older people, and to deepen their insights into all aspects of project work, such as information gathering and processing, planning and organization, working in diverse teams, professional and technical communication as well as developing presentation and moderation skills. The apprentices' progress is a closely monitored and their performance is appraised.

For SEISSENSCHMIDT, the most important objective of the *World of Experience* is to bring the generations together and to allow the participants to exchange their knowledge and experiences so that they can learn from each other. An exchange of this kind also ensures that as older workers leave, vital knowledge stays in the company. As Leonhard and Swap put it: "You may not know you have lost it until you feel the cold breezes of ignorance blowing through the cracks in your product or service architecture" (Leonhard & Swap, 2004, n. p.). Furthermore, we strongly believe that knowledge management is not a one-way street. Birgit Weinmann states that the "value of experience decreases when organisational and technical changes make knowledge obsolete or the possibilities to transfer this knowledge are negligible" (Weinmann, 2006, p. 313). This is why it is neither sufficient nor effective to only transfer knowledge from the older and experienced employees to the younger ones. For it to be beneficial for all age groups and, above all, for the company, it has to be a bi-directional process (cf. Weinmann, 2006, p. 320).

Apart from the fact that retained knowledge means profit, exchanged knowledge is also a great opportunity for improving cross-generational communication and boosting each groups' social skills. It is important to note that the maximum age difference between the members of the two groups is 50 years. It is needless to say that in many ways the groups are worlds apart not only when it comes to technology. The exchange also gives the retirees the opportunity to talk about their approaches to certain projects, their problem-solving strategies and the corporate values that they helped shape during their time at SEISSENSCHMIDT.

In summary, *The World of Experience* not only enables the company to better prepare for the impacts of demographic change and to actively counteract its negative effects (Groos, 2015) but also helps to retain knowledge, develop strong bonds and deep understanding between the different generations and makes SEISSENSCHMIDT an innovative and interesting employer.

All three pillars together constitute a holistic and consistent approach to managing diversity that also creates interesting synergies. While the knowledge data base (Pillar 1) enables the company to utilize the diverse talents, skills and capabilities of our employees and to develop their HR profiles further, Pillar 3 caters for the different needs of employees close to retirement by addressing the issues that might be a worry to them. This way, they also stay loyal to the company and support the activities developed in *The World of Experience* (Pillar 2).

5 Further DiM activities and measures

The *Three Pillars* are complemented by other important internal measures, such as employer branding activities relating to apprentice training at SEISSENSCHMIDT. Over the past few years, the company has built up a strong employer brand as an apprentice training company. Various internal apprenticeship marketing measures contribute to this positive image, and these are outlined in more detail later. The aim of the ongoing measures is to encourage apprentices to remain at SEISSENSCHMIDT after they have completed their training. To attract qualified applicants, SEISSENSCHMIDT cooperates closely with schools and offers industrial and commercial internships.

5.1 Internal DiM and Employer Marketing Measures

At SEISSENSCHMIDT, internal communication originates primarily with the Human Resources department. In HR marketing, various instruments are used as part of the marketing mix for communicating diversity topics. These are shown in table 1.

Table 1: Internal apprenticeship marketing measures (own diagram)

SEISSENSCHMIDT *World of Experience*	Project with retirees Goal: knowledge transfer, further development of social skills, team work
Soft Skills Training	At the beginning of year 1 of apprenticeship training Goal: further development of social skills, interaction with other employees
Induction Week	Directly before the beginning of apprenticeship training Goal: Preparation for apprenticeship and professional life, intensive team building, discussion of expectations
Regular Events	On a continual basis Goal: Consistent satisfaction, employee retention
Word-of-Mouth	Apprentices share their experiences and knowledge with people in- and outside the company

In addition to conveying to applicants and apprentices the benefits of a diverse workforce for both them and for the company, and establishing an environment conducive for knowledge exchange, the apprentices receive intensive mandatory training in soft skills during their very first months with the company. There are courses on teamwork and project management as well as two-week courses promoting tolerance, acceptance and respect for others.

Another important instrument is an induction week we organize for new apprentices. Its purpose is to prepare them for their apprenticeships and their working life thereafter. During the induction week they can speak candidly with their trainers about their expectations, they engage in team-building activities,

they meet the older apprentices, and they are introduced to the instructor for commercial training.

Other activities which take place parallel to their vocational training include team events, such as go-karting, barbecues, and excursions. Their primary purpose is to maintain a high level of contentment among the apprentices.

Clearly, there is also communication which cannot be influenced by HR marketing. Apprentices share their experiences with their colleagues, friends, and families. The marketing objectives are reached, however, when they are content with the company, recognize the potential for professional development, see their future as employees of SEISSENSCHMIDT, and speak positively about it.

5.2 External DiM and Employer Marketing Measures

In our work with the apprentices and our experience with the way they communicate, we found that younger generations come into contact with DiM at SEISSENSCHMIDT via various communication channels, both internally and externally.

It should be reemphasized that SEISSENSCHMIDT is clearly different from other SMEs in the region when it comes to its diversity activities. As previously mentioned, DiM is not yet widespread among SMEs in Germany and this is particularly true of companies located in the rural Sauerland region and the district of Märkischer Kreis. Because SEISSENSCHMIDT is a first mover in this field, the implementation of DiM at our Plettenberg location quickly caught the attention of the local press. SEISSENSCHMIDT also regularly participates in events such as the “Family and Generation Day” in Plettenberg, where the company’s DiM activities are presented to the public at large and reported by the press.

Another important communication activity are presentations at schools and universities by the DiM manager. In the schools, pupils are involved in manageable projects and at universities lectures and discussions are held about DiM at SEISSENSCHMIDT which provide students with an opportunity to learn about Diversity Management from the practical side.

The DiM Manager is also a member of several task forces in the town of Plettenberg, one of which is committed to developing strategies for making Plettenberg more attractive for generations Y and Z. These working groups also serve as platforms for promoting apprenticeship training as an alternative to studying at university.

Apart from a personal approach to external communication, Facebook is used as an important channel. Not only our employees, but also "externals" are interested in the company and its activities and "like" the site and our regular reports on our apprenticeship training and the generation management project in connection with DiM.

In addition, the contact with and supervision of interns play an important role in the external communication of DiM activities. Pupils, most of whom are younger than 16 years, have the opportunity to do internships in our company. For many, this is a mandatory part of their curriculum at school and for us it is a possibility to familiarize them with practical training and interest them in our company and perhaps in an apprenticeship after they finish school. During the internship, which includes workshops and courses on topics such as corporate philosophy, tolerance, respect and understanding as well as exchanges with older employees, the trainer can identify and recruit potential candidates for apprenticeships with our company.

5.3 Assessment of the current situation

As outlined above, SEISSENSCHMIDT is committed to overcoming the impact of an ageing workforce by concentrating on the pool of potential apprentices among the younger generation. We can say that the internal measures we have taken in that regard have been very effective. The company is well-positioned in comparison to many other SMEs as far as general apprenticeship marketing and its combination with DiM is concerned. It is not only the number of measures, but also the high quality of its initiatives which makes SEISSENSCHMIDT successful. Since the popularity of vocational training is continuously declining in Germany, the enterprise *ertragswerkstatt GmbH,* led by a team of business

psychologists who develop approaches and solutions to tackle relevant issues, has made it one of their goals to upgrade the image of apprenticeships and to assist companies in devising strategies to find suitable apprentices. In 2013 they launched an initiative for outstanding achievement in vocational training and awarded the best companies with a seal. The results are drawn from an anonymous survey carried out among the apprentices and SEISSENSCHMIDT has been one of the companies which was awarded the seal every year since the start of the initiative. We recently received the award for the year 2018.

A survey carried out in 2015 regarding the attitude of the workforce regarding DiM showed that the younger employees had a more positive opinion about it than the average. We took this as an indication that our internal communication with our apprentices was effective, and accordingly, we are currently implementing practical processes based on an analysis of the survey.

Our DiM program is one of SEISSENSCHMIDT's competitive advantages in the labor market. That we receive more high-quality applications for both internships (an increase from 45 positions in 2014 to almost 60 in 2017) and apprenticeship positions (here the number grew by almost 100 in the years between 2013 and 2016) than other mid-sized companies in the region attests to the efficacy of our apprenticeship marketing and its focus on diversity.

5.4 Recommendations for action and outlook

The 2015 survey demonstrated that, although the company is succeeding with generations Y and Z, there is still a need to improve its interaction with generation X and with the Baby Boomers. To this end, the following measures have been adopted (see table 2).

Table 2: Recommended Action and Implementation Plan (own design)

No.	Recommended Action	Implementation	Time Frame
1	Effective communication the benefits of generations Y and Z	Practical experience reports (school class projects) Communication focus on the projects' benefits (e.g. strengthening and improving social competence among pupils from a very early age -> encouraging social responsibility, attracting potential applicants Share the content of interviews conducted with pupils and apprentices via various channels	Immediately and on a continuous basis
2	New focus of communicated content	Highlight positive experiences and opinions regarding the measures Reports with a more personal note Authenticity is vital Avoid an overly strong advertising touch	Immediately
3	Stronger involvement of the apprentices	Mentor program -> apprentices introduce other employees to DiM Goal: Apprentices transport the topic and its benefits and thus, greater acceptance, into the individual work areas Include a certain number of apprentices in the diversity team	Beginning of 2018
4	Apprentice meets diversity	Develop brief communication series Advertising campaigns No overt advertising Present an apprentice profile every six weeks, describing how he/she encounters demographic change -> highlighting benefits as well as "fears" involved in the current measures for embracing change	2018

No.	Recommended Action	Implementation	Time Frame
		The workforce is given a “puzzle” to think about The “solution” is revealed a few days later and shows how demographic change is understood	
5	External communication of apprentices’ experience	Approach external media to a greater extent -> authentic reporting on personal experiences Publication of interviews with apprentices (Diversity Charter, other DiM institutions, regional newspaper, employers’ association) Concrete inquiries at relevant institutions (win-win situation) Include all external reporting in internal communication to add another dimension	2018

6 Conclusion

At SEISSENSCHMIDT GmbH, mentoring and diversity have proven to be a unique selling point in recruiting and retaining young talents. The passing of knowledge from generation to generation is certainly nothing new. It has its roots in the traditions of ancient peoples who conveyed their life experiences and lessons learned through storytelling. Knowledge transfer is also valued by industry but unlike typical programs of knowledge transfer based on lists of “best practices”, our multi-faceted approach is not prescriptive. Instead, we attempt to amalgamate youthful exuberance with senescent experience and insight, not so much to merely bridge the generation gap, but to capitalize on it. We seek to tap the inherent power of diversity for the benefit of all concerned, and, in the end, to help our young apprentices to make the right choices for the right reasons in the context of their particular circumstances.

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Practical Wisdom vs Functional Stupidity: Toward an Inspired Business School

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1 Introduction

A few years ago, I had a conversation with a retired German business school professor, who at that time was still involved with university accreditation. He mentioned that in one of his recent assignments, the committee had to deny accreditation to an institution because of insufficient business content in their degree programme. Afterward, I felt slightly depressed, because I thought that the entire point of the programme (which was being offered by an institution committed to anthroposophical values) was to study business in a horizon-broadening, interdisciplinary way that encourages the critical questioning of the conventional business strategies and management decisions that have led to one crisis after another. I realized that this incident is symptomatic of functional stupidity as described by Alvesson and Spicer (2012; 2016), which is briefly explained in section 2.

Universities face changes and challenges due to certain neoliberal reforms made to higher education (in the following referred to as HE). These reforms are somewhat paradoxical in that an increase in normative pressures is at the same time accompanied by the granting of certain (pseudo-) autonomies (Bronstein & Reihlen, 2014). It is hard to ignore the impression that in HE we are currently witnessing a vicious enactment of Jean-Baptiste Alphonse Karr's famous dictum, plus ça change, plus c'est la même chose (Karr, 1849 cited in Ratcliffe, 2016). This is especially true of business schools, where we observe a continual rise in overall enrolment, but also mergers, structural diversifications, strategic vision announcements and an ongoing frenzy to publish academic journal articles against a backdrop of heightened public scrutiny of the contribution business schools are making to society. The business school is featured in Section 3, and section 4 links it to functional stupidity.

Critique of business schools is almost as old as business schools themselves (e.g. Rousseau, 2012). At present, there are two main streams of criticism. The first one questions the relevance of the knowledge taught at business schools, and the second is concerned about the negative influence business schools and their teachings has had on organizations and society at large (Roca, 2008). In this chapter, I draw on both of these criticisms to plead for the "inspired" business

school. The tool essential to that end is Practical Wisdom, which is outlined in section 5. In lieu of a traditional discussion, section 6 suggests three potential approaches to enable and foster Practical Wisdom in the lecture hall and beyond. Thereby, this chapter contributes to the contemporary rediscovery of philosophical concepts for the benefit of meaningful business in general and business education in particular.

2 Functional Stupidity

There is a paradoxical phenomenon that is observable in many guises, both from the perspective of participants in an organization's daily business operations and from the perspective of citizens impacted by large-scale business scandals; namely, despite employing smart and highly-educated people, organizations foster stupidity in the workplace and the consequences thereof are far-reaching. The culmination was the implosion of mortgage-backed securities which precipitated the meltdown of the US subprime lending market in 2008.The underlying assumption that bankers "wouldn't do anything stupid, en masse" (Brooks, 2011, n.p.), proved to be wrong. But until the collapse, their behaviour seemed rational, considering that they traded or invested in financial products that were top-rated up until the very moment of the crash.

After a thorough analysis of this phenomenon, Alvesson and Spicer (2012; 2016) identified the concept of functional stupidity, which is essentially the result of three deficiencies that organizations support and even catalyse. First, there is a lack of reflexivity owing to an inability or unwillingness to question knowledge claims, dominant beliefs, and norms. Secondly, there is insufficient justification, which means that actors neither demand or provide reasons and explanations for prescribed courses of action, and assume there is no need for accountability, let alone scrutiny. Thirdly, there is insufficient substantive reasoning so that the myopic application of instrumental rationality in achieving desired ends replaces calling those very ends into question, or at least questioning the meaning of the data produced on the way to achieving those ends.

Alvesson and Spicer (2012; 2016) offer five possible explanations of who or what provokes functionally stupid behaviour at organizations, of which two are

of great relevance for this chapter. Firstly, functional stupidity can be structure-induced by hierarchies, routines and inflated bureaucratic exercises governing the work within organizations. Despite claims that we may be beyond bureaucracy (e.g. McSweeney, 2006), inflationary governance and compliance regimes (Grindle 2010) have the opposite effect, by creating organizational players who do not question whether a course of action makes sense, but rather whether it complies with the rules. Secondly, functional stupidity can be imitation-induced, which means that organizations follow fashionable mainstream pathways. "All too often companies do things not because they produce the best results, but because everyone else is doing it" (Alvesson & Spicer 2016, p. 151). Such behaviour helps avoid risk, as deviating from mainstream practice can be harmful to the organization. Bureaucracy's iron cage of Max Weber's era has transformed into a glass-cage (Gabriel 2005), the alluring transparency of which encourages more imitational and governance-conform behaviour to pacify organizational constituencies.

3 Business School

Business schools began to emerge in the latter part of the 19th and the early 20th century. In Europe, the first institutions were established in Germany, France and Scandinavia and were outside the purview of traditional universities. In the United States, the first business school was founded at the University of Pennsylvania (Amdam 2007; Engwall & Danell 2011).

They all depended to some extent on financial support from businesses and wealthy entrepreneurs. From the outset, the role of these institutions was ambiguous. On the one hand, they were encouraged by the corporate world to produce better-educated professionals for management roles. On the other hand, their practical orientation came largely at the expense of academic credibility. "As a matter of fact, scepticism toward the introduction of business studies into universities was as strong in the USA as in Europe" (Engwall & Danell 2011, p. 433).

The conflict between the institutions' practical orientation (i.e. the usefulness of the degrees and knowledge obtained by students seeking entry into the busi-

ness world) and their quest for business to be recognized as a science is engrained in the business school model. This has evolved into an ongoing *rigour-versus-relevance* debate (e.g. Birnik & Billsberry, 2008). As a way out of this dilemma, business schools have largely emphasized economics to the detriment of the social sciences in order to portray business studies as based on "hard" science; a course of action widely attributed to a perceived inferiority known as *physics envy* (Bennis & O'Toole, 2005)

Drawing on findings represented as being as scientifically reliable as Newton's Laws of Motion, business schools profess to supply the management world with formulae for quasi-guaranteed success beyond any doubts of legitimacy. Unfortunately, that move has made matters even worse, as underlying economic principles (such as the infamous *homo oeconomicus*) have been exposed as myths or thinly disguised ideology (e.g. Smyth, 2017).

Business schools represent one of the impressive success stories of the 20th century, and the boom seems to be continuing despite warnings already expressed early in the 21st century (e.g. Pfeffer & Fong, 2002). The growth of business schools has been fuelled by the inflated importance that neoliberal ideology has attributed to HE (Alvesson, 2015) and by the idealization of business schools as bubbling career cauldrons or as institutions where individuals assume responsibility for their own future. However, academics (e.g. Parker, 2014) as well as a greater public audience are already asking whether business schools may have *lost their way* (Bennis & O'Toole 2005). Business schools have to face the fact that management is neither a profession (Khurana, 2007) nor a science, and due to corporate excesses and scandals they are losing credibility and respect in the public sphere. Rich in symbolism or, as noted by Alvesson (2015), in *grandiosity*, but possibly devoid of meaning and societal legitimacy, the business school as an institution is in need of re-orientation (Birnik & Billsberry, 2008).

In such context, revived debates about (and the search for) the educational ideal (e.g. Biesta, 2002) resonate. Similar debates currently revolve around the re-discovery of the journalistic ideal (see Christine Boven's contribution). Media and journalism – like HE traditionally considered providers of information and

enablers of knowledge – also have come under scrutiny and face a loss of public trust, unfolding a plea for practically wise solutions to problems in that field.

4 Functional Stupidity in Business School

The paradox of functional stupidity is quite pronounced in the case of business schools. We would expect institutions of higher learning and their intellectual constituencies to be at the forefront of employing reflexivity and substantive reasoning. However, such notion reflects the traditional position of universities as organizations independent of outside interests (Bleiklie, Enders & Lepori, 2013), which is no longer true. The neoliberal triumphant march (Altvater, 2009) is transforming HE into an "input-output system, that reduces it to a function of economic production" (Olssen & Peters, 2005, p. 324). In Europe, this trend is reflected in enactments of the so-called Bologna reform (e.g. Witte, van der Wende & Huisman, 2008) and aggravated by the *Lisbonization* of the EU (Capano & Piattoni 2011), assigning HE a key role in creating a globally competitive economic environment.

Section 3 mentions structure-induced functional stupidity as the first relevant sub-phenomenon. A case in point of inflated bureaucratic exercise is the concept of accreditation. Under the pretence of quality assurance – a complex construct (e.g. Westerheijden, 1999) – and of ensuring competitiveness, business schools, in Germany, for example, have to recertify every single degree programme on average every five years. To this end, they compile anywhere from hundreds to thousands of pages of mission statements, course outlines, learning outcomes, lecture contents, etc. This diverts the focus of the academic faculty away from research and teaching, and instead, has them engaged in documenting and justifying what they (are supposed to) do. A bizarre exercise considering that the documents are usually accepted at face value (Brenner, 2009). The bureaucratic efforts and resource diversions of such exercise multiply in the case of business schools with the highest international ambitions pursuing so-called triple-crown accreditation consisting of AACSB, EQUIS and AMBA. Unsurprisingly, the realm of *accreditocracy* is proclaimed (Julian & Ofori-Dankwa, 2006).

What little space for differentiation survives the accreditation process is further diminished through the ranking system, which closes the loop in the march toward imitation-induced functional stupidity. Rankings are paramount to the construction of an international business school market; encouraging the alignment of all activities for an optimum outcome in published "league" tables (Wedlin, 2006). It remains unclear whether increasing competition actually improves the quality of degree programmes or just the quality of showing the respective institution in the best light at the very expense of substance (Gioia & Corley, 2002). In some countries, the volume of government grants is dependent on ranking. This ensures a full focus on rankings and the path to success is always the same: imitate *best practice*. Westerheijden (1999) predicted that such exercises would produce more uniformity and managerialism. He was right.

5 Practical Wisdom and the Business School

According to Aristotle, Practical Wisdom is "the ability to identify the salient features of complex and particular situations" (Roca 2008, p. 610); for elaborate explanations and recent contextual considerations of the concept please refer to Claudius Bachmann in this volume. Considering the complexity of the contemporary business world, this ability appears to be as beneficial today as it was in Aristotle's ancient Greece. We should note, however, that much that we understand to be salient is often more myth then reality. The *globalized economy*, for instance, is presented as a recent development, but in reality, can be traced back to the high level of international cooperation of pre-WWI, the global value chains of the Dutch East India Company founded in 1602, and beyond.

Nevertheless, contemporary complexities in today's globalized economy are unusual in that they are characterized by a faster information flow, increasing interconnectedness among organizations, and much greater diversity among the people involved (e.g. Stacey, 1996). As such, it presents real challenges.

Unfortunately, the aforementioned quest for – or rather imitation of – best practice is at odds with Practical Wisdom. The very idea of imitating what another successful organization does in the specific context of its organizational

history, tradition, culture, vision and interaction with its stakeholders ignores particular differences. It assumes, instead, that in general, everyone should also do what has proven successful for another player or what is politically-ideologically prescribed, regardless of any salient or subtle contextual differences.

"Through the exercise of Practical Wisdom one must be able to discern the significant aspects of a particular situation and to apply one's knowledge, experience and values to make a 'good' decision" (Roca, 2008, p. 610). Business schools have not fared well in this respect.

The shortcomings are twofold. Firstly, as highlighted in the previous section, business schools as institutions of higher learning are trapped in ranking, accreditation and other policy-induced schemes that mainly emphasize competition, and only willing enactors of what is viewed as best practice can be competitive and ultimately successful. As a direct consequence, business schools play the best-practice-game, which arguably is a worst-practice-game in many respects, because the dominant neoliberal public pedagogy negates basic conditions for the development and exercise of critical thinking and active participation in civil society (Giroux, 2008). It even results in "the structural and ideological undermining of academic capital" (Naidoo, 2010, p. 73). However, from an organizational perspective, it may still be as tempting as it is detrimental to the promotion of Practical Wisdom, because – despite heavy bureaucratic workloads and doubtful outcomes – it provides a convenient frame that does not require thoughtfully crafted adaptations (see functional stupidity). Secondly, business and management education at business schools have hardly contributed to fostering Practical Wisdom principles among student constituencies.

This notion in turn has least two root causes.

The first one is the *economistic worldview* (e.g. Pirson, 2017) which dominates not only the (big) business world and arguably society in general, but also business schools in particular. This worldview assumes that economic considerations are the only legitimate ones in the social / political organization of life.

Furthermore, it assumes that economics is an exact science at the core of which there is homo oeconomicus as mentioned in section 3, which portrays humans as benefit maximizers entirely driven by rational interests. In the business version that would be profit maximization for the benefit of large-scale shareholders. The resulting business narrative precipitates the elimination of judgment and duty from management decisions, thereby leading to dysfunctional behaviour on the part of organizational key players (Hurst, 2012). Unavoidably, this economistic worldview "has led to multiple problems on multiple levels, because the misrepresentation of individuals has logical consequences for groups, organizations, and society" (Pirson, 2017, p.18).

The second cause is the very nature of management, i.e. the key subject business schools profess to teach and support. Due to the lack of a professional code of ethics and the absence of a professional body for establishing, overseeing and enforcing such code, (as is the case with the medical and legal professions, for example) (e.g. Kuhrana & Nohria, 2008), management cannot be a profession, per se and therefore it cannot be taught as such in classrooms.

The key proponent of this line of thought is Mintzberg (e.g. 2011) who believes that both management and management education are "deeply troubled" (Mintzberg, 2005, p. 1). He asserts that

> *"[t]he trouble with 'management' education is that it is business education, and leaves a distorted impression of management. Management is a practice that has to blend a good deal of craft (experience) with a certain amount of art (in-sight) and some science (analysis)" (Mintzberg, 2005, p. 1).*

Therefore, he created a new management programme at McGill University admitting only qualified managers. The objective is not to establish best practices, but to gain deeper and more varied insights. While such an approach does not address what to do with inexperienced business school students, it shows how to encourage and build Practical Wisdom into business school curricula.

Marshall and Thorburn (2014) assume a rather idealistic stance, pointing out that Practical Wisdom contributes to *living better* and *thinking better* – hence fostering reflection on the aforementioned better decisions in ethical and epistemological dimensions. This stance inspires the following section, which in lieu

of a traditional discussion, delineates three approaches to be taken by the inspired business school for providing business/management education that opens new horizons.

6 Toward the Inspired Business School

The first approach entails a change of mindset, or rather a shift of worldview. I suggest it is a prerequisite, or at least a catalyst for the two approaches that follow. According to Giacalone and Thompson (2006), the fundamental problem we face is that management education is based on an *organization-centred worldview*. It assumes that businesses, in particular corporations, are central to society and that advancing their interests automatically advances society's interests, as well.

They also make the point that no other discipline places an organizational construct at the core of its study program as do business schools. That is, everything taught revolves around the corporation. The problem with this dominant worldview is that it

> *"not only conveys that business centrality is true, but that the concomitant materialism and self-interest that characterizes business decision making is appropriate. At the top of our values hierarchy is money and all of its constituents: power, status, and the accumulation of wealth. In teaching this, at best we propagate and validate the worldview with which students enter our institutions; at worst, by perpetuating a worldview prescriptively that may be damaging […], we are responsible for the academic equivalent of iatrogenic (physician-induced) disease" (Giacalone & Thompson, 2006, p. 267).*

Engaging in such activity, we can hardly find another valid response than no to the harsh question, "Does management education add value?" (Khurana & Nohria, 2008, p. 2). Beyond pure financial gains derived from various career options that at least some business school graduates still enjoy (whereas many do not), there is no other benefit; but rather, many values, especially moral ones are eroded. However, a shift in worldview makes it possible to answer that question with a confident yes, it does – and it does so for the benefit of the many and not the few, as well as for society at large and for the individual who cares. For considerations of values-orientation (and common welfare) in leader-

ship, Martina Stangel-Meseke's contribution to this volume offers valuable insights and for wise thoughts on corporate ethics, please refer to Gershon Braun's article and case study.

Consequently, Giacalone and Thompson (2006) suggest the shift towards a human-centred worldview. This is in line with a humanistic view and its differentiated understanding of human nature as opposed to an economistic view as depicted in table 1.

Table 1: Comparative views on human nature (adapted from Pirson 2017, p. 62)

Human nature	**Economistic view**	**Humanistic view**
Foundation	Wants	Drives
Goal	Maximization	Balance
Operating modes	Fixed utility curves / opportunity sets	Routines, learning, Practical Wisdom
Role of morality	Amoral	Moral / immoral
Aspiration	Wealth / Status / Power / Reputation	Well-being

Hence, a shift in worldview enables business school educators and students to acknowledge the complexity of human nature and to foster Practical Wisdom as an operating mode. This will require the courage of envisioning our students (i.e. future business protagonists) as agents of well-being – the ultimate objective from a humanistic perspective. Following the humanistic model depicted in figure 1, the promotion of Practical Wisdom is the operating logic for achieving well-being. The achievement of a minimum level of dignity, referred to as dignity threshold is a prerequisite for the pursuit of well-being aims. This threshold is reached through a balance in satisfying the four human drives of acquire, bond, comprehend and defend – as opposed to just maximize (currency value) according to the economistic model. In consequence, dignity means "our fellow humans are not to be treated as mere objects or instruments in a business organization's production functions" (Donaldson & Walsh 2015, p. 192).

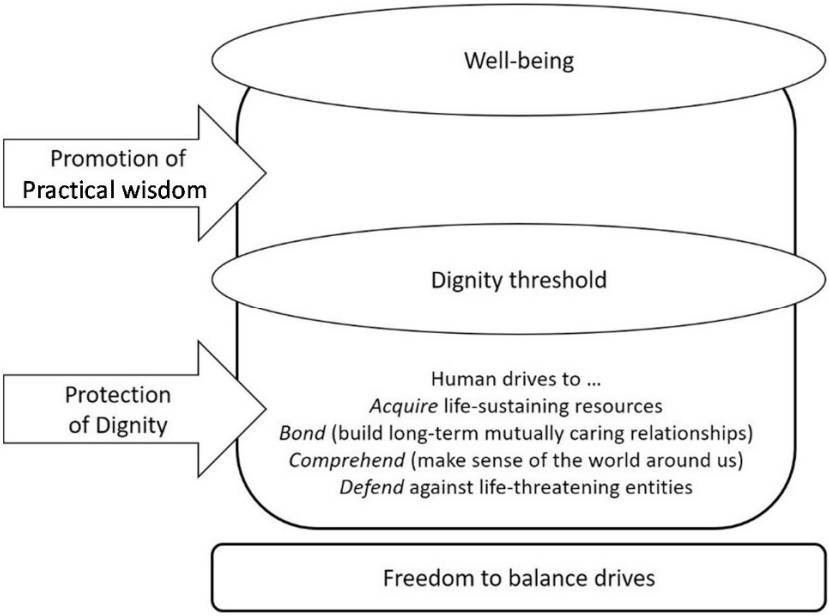

Figure 1: Operating logics of humanistic perspective (adapted from Pirson 2017, p. 75)

According to Pirson, "The development and refinement of capabilities and processes of Practical Wisdom are a constant learning task rather than an algorithmic process" (Pirson, 2017, p. 74f), and therefore a challenging but rewarding task well placed at the business school. In-depth reflection on the possible consequences of available decision options in context-specific situations are key, and students' exposure to such an exercise will be beneficial as

> *"[i]t forces them to look at what is really happening as a result of the decisions our education advocates […] and to spend a significant amount of time contemplating whether their intended decisions are good and what to do about them when they are not. […] By providing them with an alternative worldview and tools to explore the systemic repercussions of their decisions, we free them to act morally, immorally, or amorally based on a clear understanding of decisions-making consequences" (Giacalone & Thompson, 2006, p. 272).*

This concept feeds into the second approach I would like to outline: the move beyond mainstream teaching material archetypically represented by standard

economic textbooks, such as Mankiw and Taylor (2014) and by the famous (or infamous) Harvard Business School cases. Beyond the anecdote that some students at Harvard University left Professor Mankiw's lecture as a sign of protest against a one-sided neo-classical perspective of economics (e.g. Delreal, 2011) it is noteworthy that students realize that something is fundamentally wrong with the mainstream business school worldview and the teaching material it produces or draws upon. Harvard Business School cases certainly have their place, but they seem to have become a major product in their own right, generating substantial revenues for Harvard.

Analysing 36 popular Harvard Business School cases Swiercz and Ross (2003) revealed a rational domain bias, i.e. an economistic worldview in the material. Characteristics of the cases include execucentrism; the consideration of only or mainly the perspective of top level management, instrumentalism; a portrayed primary purpose of controlling people and situations to achieve a pre-defined outcome, and objectivism; the assumption that there is an objective business reality for which there is only one objectively optimal solution to the problem presented in the case. The case method has benefits when it comes to meeting the goal of educating effective managers, but it falls short of promoting Practical Wisdom skills, especially considering that model answers provided as teaching material suggest there is one exclusive, rational, correct and acceptable solution or management decision. Such a bias fails to pursue a key objective of business and management education that would be supportive of Practical Wisdom, i.e. "challenging students to think critically about the role, influence, and philosophical foundations of management" (Swiercz & Ross, 2003, p. 426). This provides a good foundation for exploring the social significance and consequences of organizations, and the decision-making processes within them.

Roca (2008) specifies how to enrich the work with traditional Harvard Business School cases. Maintaining the conventional structure of case analysis in a first session, she lets the students reconfigure the case in the first part of a second session to create awareness of the moral issues that underlie the strategic decisions at hand. In the second part, the lecturer exposes the students to fictional situations of employees in the case study and encourages them to adopt the

perspectives and experiences of different participants, such as employees, for instance. The remarkable result is that the students often change their initial perspective over the course of the exercise (Roca, 2008).

Beyond the enhanced and altered use of conventional teaching material there are vast, but so far too rarely appreciated opportunities for resorting to alternative cases and / or textbooks. I would like to particularly point out the recent Dark Side Case Competition initiative of the Critical Management Studies community which encourages case writing that acknowledges the dark side of contemporary capitalism. The resulting collections comprise worldwide examples of the devastating consequences of mainstream corporate behaviour (Diochon et al., 2013; Raufflet & Mills, 2009; Sauerbronn, Diochon, Raufflet & Mills, 2018). These cases offer an opportunity to reconsider decision-making scenarios in the context of Practical Wisdom. With respect to textbooks, there are also promising examples of enriching alternatives overcoming mainstream business education. In particular, the idea of pluralist economics is gaining traction, and an array of books is coming to the fore (e.g. Reardon, 2009; Thornton, 2016; van Staveren, 2015).

The third approach to promote Practical Wisdom in business schools that I would like to highlight is the re-discovery of a liberal arts education. A large-scale initiative to that end (Colby, Ehrlich, Sullivan & Dolle, 2011) was introduced by the Carnegie Foundation in the USA, which imported, the European humanities-based educational ideal. Now, hopefully it will return as an inspiration to the so-called old continent.

Once again, the prerequisite is a shift in worldview for business schools. The current and to some extent global economic and financial troubles, “may stem in no small part from blind trust in an exclusively economic view of business and the world” (Colby et al., 2011, p. 29) thereby undermining Practical Wisdom. Hence, to foster it, we need a change of outlook.

In order to broaden perspectives, Leuphana University, Lüneburg, Germany, has introduced a first semester requiring all undergraduate students to take two

interdisciplinary modules covering the overarching fields of responsibility and sustainability. Thus, the institution encourages students to question what is normally taken for granted and to adopt different points of view. Understanding more of the world and more about collective as well as individual responsibility makes a very good foundation for more meaningful HE in general, and better business education in particular.

There are also suggestions that arts, and especially contemporary art, can enhance the learning experience and support understanding of the world and the role human beings play in it. “By experiencing art in a business course, students can become more sensitive to the needs of others, and more imaginative in their responses to those needs” (Statler & Guillet de Monthoux 2015, p. 8). In this way they can develop Practical Wisdom. Such ideas inevitably attract criticism and may be dismissed by hard-boiled economists as esoteric. However, various initiatives at medical schools to train students’ medical eye, i.e. visual diagnostic skills through courses covering art history or narrative painting analysis (e.g. McKinnon-Crowley, 2017) yielded considerable improvements. This could be an indication that it is possible to improve business students’ skills in interpretation (e.g. of business situations or reports) and analysis (e.g. of strategies or market trends) with arts-based exercises, too, considering that businesses and especially business models can also be viewed under an organism lens (Baden-Fuller & Morgan, 2010).

There are numerous ways of fostering Practical Wisdom, both inside and outside the classroom. For a noteworthy example of how an HE institution can act practically wise to handle specific circumstances, please refer to Angelika Dorawa et al. in this volume. While the three approaches highlighted here certainly do not offer a quick fix for current problems in business education, they are the start of a worthwhile journey. Let us embark on this journey soon.

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Scouting and Unfolding Talents. A Case Study from the Ruhr Area

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1 Introduction

As many countries all over the world, Germany is subdued to significant demographic change leading to an increasingly ageing society. There is a strong impact on institutions of higher education resulting from two developmental lines: On the one hand, the economy is in increasing need of "talents", young professionals trained in engineering skills on a scientific level. On the other hand, especially "MENT" subjects (mathematics, engineering, natural sciences, technology) are not prioritized by German students and, moreover, the potential of young people from a classic high school background graduating with the German Abitur with German descent is declining and will increasingly continue doing so. (The German term Abitur explains a university entrance certificate that can be taken after twelve years of attending and passing final exams at a secondary school. It is comparable to the British A-Levels or the American high school diploma.). One way to close this gap is to unleash the potential of persons from non-traditional social groups. To this end, "Practical Wisdom", rooted in Aristotelian philosophy, can be used as a basis for developing an effective approach to build appropriate concepts as a university.

Aristotle distinguishes five types of approaching truth (knowledge): Techné (aim-oriented craftsmanship, functionality, technology), epistémé (scientific, context-independent knowledge), phronésis (context-dependent prudence, Practical Wisdom, good management) sophía (general wisdom, knowledge about extraordinary, wonderful, difficult and godly items without practical relevance) and nous (intuitive thinking as starting point of gaining knowledge) (Aristoteles, 2017, 1139b (15) – 1141b (1)). Phronésis (Practical Wisdom) is the one approach which deals with understanding, deciding and acting upon human issues in a considerate and "good" way (Aristoteles, 2017, 1141b (9), 1144b (25) – 1145a (10)). Practical Wisdom enables us to make choices based on values but not according to general rules but with respect to a given and understood context. Insofar, Practical Wisdom allows us to perform particular social practices, not aiming on maxima but on "meson" by finding the "right" (appropriate) amount (of activity). By engaging in social practices led by Practical Wisdom we learn and thereby improve our practice and our wisdom. These features fit

nicely with the situation at the Westphalian University of Applied Sciences (WH) when discussing how to deal with diversity and how to develop an appropriate kind of Diversity Management: Facing the above sketched challenges the WH as a state-funded university of applied sciences was rather short in resources for Diversity Management. Thus, maximum-oriented approaches were out of reach and a parsimonious solution based on Practical Wisdom seemed to be the right choice. In general, the WH involves social responsibility in particular by connecting the needs of the students and the requirements of the region in all its strategies. Therefore, intensely considering context is a core aspect. This means, the task was to develop a value-oriented Diversity Management on an appropriate level with strict regard to the context: a field for Practical Wisdom at its best.

Barry Schwartz understands Practical Wisdom as knowing "…what to do in a particular circumstance…", and "…performing a particular social practice well" (2011, p.4). In this case, it would mean knowing how to encourage young people to become technology professionals and for universities to help to discover and support talents in secondary schools and further. Schwartz goes on to say that Practical Wisdom depends "…on our ability to perceive the situation, to have the appropriate feelings or desires about it, to deliberate about what is appropriate in these circumstances, and to act" (Schwartz, 2011, p.4). This implies that Practical Wisdom "combines will with skill" (Schwarz, 2011, p.5) and therefore ought to be consciously developed and cultivated.

Schwartz points out six key characteristics of Practical Wisdom (2011, p. 9):

1. A wise person knows the proper aim of the activity in which she is engaged in. […]
2. A wise person knows how to improvise balancing conflicting aims and interpreting rules and guiding principles in light of the particularities of each context.
3. A wise person is perceptive, knows how to read a social context, […]
4. A wise person knows how to take on the perspective of another [….]
5. A wise person knows how to make emotion an ally of reason, […]
6. A wise person is an experienced person.

In this paper, we will present some features of Talent Development, an initiative originated by the WH, and which has begun to spread throughout the Ruhr area and the entire state of North Rhine-Westphalia. We analyze the program, conceptualized as an initiative of Diversity Management based on an intersectional approach (see Hansen, Kreppel, Meetz & Dorawa, 2017), and explain its connection to Practical Wisdom. The features described above show the challenges faced when starting and developing a program for discovering talents and then supporting them by strengthening their abilities in an inclusive environment; at first, only for one institution of higher learning, and then later on rolling it out throughout the area.

First, we will begin by describing some important features of the Talent Development program of the WH, a university of applied sciences, which is focused on MENT programs and situated in the German Ruhr region, the latter having undergone and still pursuing strong structural change.

Second, we will provide a systematic overview of the main activities of the project by presenting them as a process in which students go through distinct transitional phases: from school to university and then into the labour market, while looking more closely at two important sub-processes; the TalentKolleg and Writing Talents.

Third, we will place the project in the larger perspective of Diversity Management.

Finally, we will present our conclusions.

2 Context of the Diversity Strategy of the Westphalian University of Applied Sciences

In some industrial regions, including those in the Ruhr area, the number of students with an immigration background already exceeded the 50 percent mark several years ago. In the Ruhr area, the majority are of Turkish origin. Many of these students, as well as students with a German background who come from non-academic families, take the university entrance qualification via vocational colleges. These two groups represent a potential that can be developed by

universities of applied sciences that have a close relationship with the region and place their primary emphasis on teaching. For universities of applied sciences, vocational colleges have become an important venue for recruiting students.

In Germany, family background determines a pupil's educational path. While 77 percent of students come from families with academic backgrounds, it is exactly the opposite with children from non-academic family backgrounds, where 77 percent do not attend university. This leads to a waste of talent (Kottmann & Kriegesmann, 2010).

In reference to the catchment area of the WH within the Ruhr area, the large number of non-academic, low-income families as well as families with a migration background suggests that there are young people who need to be "activated" and motivated to pursue an academic education (Kottmann, 2010).

Therefore, we focused our activities on overcoming barriers specific to academic pioneers by offering our support to all young talents identified at schools and at our university. To that end, the WH has set up a Talent Development department. All offers are voluntary and free of charge for cooperating schools and students of the WH. Individual talents are addressed systematically through one-on-one counselling and event formats and are accompanied throughout the critical transition from school to university.

If structural barriers to the development of talent are to be overcome, integrative bundles of measures need to be undertaken in advance and must include completely new target-group-specific counseling and orientation programs. These take place before the educational choice is made, and prior to the admission phase and the selection of a course of study. This is why the objectives of each critical phase involves addressing talented pupils who have not yet considered a university education. Furthermore, the overcoming of entry barriers or the improvement of entry requirements, especially in linguistic and mathematical subject areas, plays an important role. Another aim is to reduce the number of students who interrupt their studies or even drop out by addressing target-

group-specific needs. The result should be an increase of transfers from the university into the labour market (Kottmann, 2010).

In this way, potential for the region is realized, and at the same time, a contribution is made toward securing skilled talents of the future. Hence, from an educational perspective, the duty of the university is to contribute to young people's professional qualifications through teaching and practical research and thereby to the development of regional industrial and service enterprises (Yilmaz & Kottmann, 2013, p. 297). The WH was the first university to incorporate the Talent Development approach into the university's constitution alongside studies, teaching and research in North-Rhine Westphalia, resulting in the Central Department of Talent Development being one of the principal tasks of the WH (Weichler & Völkel, 2015).

In order to thoroughly develop the competencies of all pupils, special actions needed to be considered for all three critical phases of the educational process.

The first stage can be described as the introductory phase whereby the WH developed a Talentscouting program funded by the State Ministry of Innovation, Science, Research and Technology. Talentscouting is an advisory program during the transition from school to university or vocational training that is intended to contribute to more educational equity, equal opportunity and diversity.

Besides the established counseling systems during the transition between school, work life, and studies, this program supplements the process of the choice of study and / or vocational training through its open, scouting and long-term approach, which always considers the life situation of the young person and evaluates his/her achievements in this context. The aim is to pave the way for a mature, valid decision and thus to promote a considered career choice. The special focus lies in uniting the individual talent with the appropriate educational path so as to promote personality development (https://www.w-hs.de/studieren/meine-talentfoerderung/).

In practice, this means that talent scouts offer regular individual counseling at schools where they get to know talented pupils who have been recommended

by their teachers. One-on-one interviews with pupils establish the talent scout's role as an independent advisor and companion whose job is to inform them about opportunities and to help them to overcome obstacles. Nevertheless, talent scouts work hand in hand with teachers; holding regular exchanges as well as being present at teacher's counsels or other important conferences. During the period in which the individual talent of each pupil is scouted, individualized transition plans and timelines are set to help each pupil to realize his or her personal career goals.

Serving all senior classes and cooperating with different secondary schools of all types, students are accompanied along the way until they enter university or start vocational training. Before that, pupils can attend lectures at universities or come into contact with enrolled students, so that they become familiar with university structures and the student body, and in so doing not be afraid of the system. (Kamphaus, 2016).

The talent scout guides the young talents in discovering and further developing their professional interests, potentials, dreams and goals and helps them to develop confidence. Thereafter, possibilities, ideas and next steps are formulated for realizing these goals. The pupils are accompanied and supported in a new and strange system – the university system. In addition, they are provided with access to existing educational tools as well as to networks that can support their career paths. Due to the individualized support, pupils are more motivated when it comes to applying for scholarships. The talent scout also remains the contact person for each talent during the course of his or her academic and professional life (https://nrw-talentzentrum.de/talentscouting/grundverstaendnis/). In addition to the individual on-site advice and support at the cooperating schools, young people are reached through their preferred social media channel: Facebook, WhatsApp or Snapchat. Since 2016 the success of the project has grown. The project was modelled throughout North Rhine-Westphalia with 17 cooperating universities and universities of applied sciences (see www.wissenschaft.nrw.de/studium/informieren/talentscouting/). At the moment there are 60 talent scouts operating at 311 schools with approximately 10.000 pupils taking part in the program – with rising tendency. In addition to

Talentscouting, the TalentKolleg Ruhr, which will be discussed later in this chapter, is part of the introductory phase.

Since 2010, the WH has been offering programs during the transition period from school to university. The WH founded the so-called Entrance Academy to facilitate the transition, as well as to balance different starting requirements. In association with the Entrance Academy, the Central Department of Talent Development offers a supplementary entry-level program to the classical precourses of the departments for all undergraduate students on all three campuses of the WH (Kottmann, 2010).

In the first two weeks of September, first-year students have the opportunity to refresh mathematical skills, improve key competencies such as communication and presentation skills as well as time and self-management, and get to know fellow students before the semester starts. A team of dedicated and qualified tutors ensures a smooth entrance phase. In addition, this support continues during the first two semesters in the form of semester-accompanying tutorials, where assistance is provided in case of initial difficulties with the technical content (www.w-hs.de/einstiegsakademie/).

Because everyone has his or her own personal interests, abilities, weaknesses and plans, the next phase, the so-called study phase, stabilizes Talent Development by supporting students during their studies. Along with compulsory studies, the Talent Development at the WH offers a wide range of programs for students to improve their chances for success in their studies, and in their profession, and to prepare them for life beyond their studies. For instance, the Math&More program fills knowledge gaps in mathematics so that the students are better prepared for their exams. In addition to their studies, students can attend the offers of Writing Talents, a program designed to improve written language skills, which will be given further attention later in this text. Moreover, students can take advantage of professional academic counselling.

The last phase includes the department's ideals support programs, which are intended to help students shape their future – not only their professional but also personal development. To help ensure a successful career start, The Cen-

tral Department of Talent Development assists in locating a subject-specific internship, a stay abroad, a tutor training, or a student assistant job (www.meinetalentfoerderung.de).

Additionally, students are connected to alumni and other networks that can provide them with insights into relevant labor markets. Specific trainings, such as writing the “perfect” application, are also offered.

Overcoming the deficit approach, which is too easily connected with newly-tapped target groups, was a critical step that relates to “Practical Wisdom”. In that we kind of reframed the context and our role by addressing the potential of the young people to perform in university and profession instead of concentrating on shortfalls. Instead of taking the approach of helping the young people to integrate into existing systems by having them adapt to traditional standards, the WH focused on their potential, their strengths and capabilities, and addressed them as, “talents”. This implies that these young people are not merely subjects of a treatment program, but rather individuals with synergistic capabilities who act as protagonists in helping to shape the university and contributing institutions with their skills and energy.

3 The TalentKolleg Ruhr of the Westphalian University of Applied Sciences in Herne – Testing and Shaping Corporate Social Responsibility (CSR) at the Westphalian University of Applied Sciences through Community Outreach

TalentKolleg Ruhr is a collaborative project of the University of Duisburg-Essen, the WH, and the Dortmund University of Applied Sciences for the joint consulting and promotion of those climbing the educational ladder. Each of the different TalentKollegs of these institutions of higher education addresses various target groups. Since September 2015, the TalentKolleg Ruhr (TKR) of the WH has been looking for young talents in upper-secondary schools (two vocational schools, three comprehensive schools as well as four academic high schools) in Herne and its surroundings. It has been promoting these students based on the principle "Guide – Qualify – Motivate" to pave their way to higher education or dual vocational training and to help them getting started (Birnstiel, Kottmann,

Meetz, & Yilmaz, 2016, p. 81 f.). The team in Herne consists of four full– and half-time employees, three student associates, as well as several teachers and considers itself a motivator and as the talented students' (subject-specific) companion on their educational pathway. As with the development of talents in general, the approach of accompanying them through the different phases guides the action of all the work in the TKR, whereas the emphasis of the project lies in the process of getting them started on their individual paths. The Mercator Foundation (www.stiftung-mercator.de) provided the seed funding for this educational innovation, which shall be consolidated in 2019. The municipality of Herne provides the classrooms and offers support through networking by integrating the project into the structures of the school board, by having regular meetings with principals, as well as by connecting the TKR to the local economy and the education office.

The cooperation among the WH, the municipality, the participating secondary schools as well as the companies and public employers in their roles as training organizations for dual study programs reflects a holistic approach. This program is very successful. While initially aiming for about 150 young talents participating in the TKR's programs, the number now has increased to far more than 600 people. This guides the action and is significant for the Corporate Social Responsibility of the WH applying its Diversity Strategy.

3.1 Goals and Target Groups of the TKR in Herne

The interconnection between social background and educational achievement is not a new issue and has been "[…] observed in all studies on the topic since the 1960s" (Rösner & Stubbe, 2008, p. 297). Although educational opportunities in all social strata have been increasing considerably with the expansion of educational opportunities, the relative differences mostly remain. The goals of the TKR in Herne arise from this issue, which is perceived socially as an educational injustice. Thus, it is the intention to improve the educational achievement of adolescents from non-academic and / or lower-income backgrounds as well as those from immigrant families. Everything that the TKR offers is designed to help the talented pupils who come from homes not having an academic tradi-

tion and without regard to gender, national origin, religion or income. It is hoped that these young persons may yet find their way to finding suitable academic programs or vocational training and thereby have the possibility of beginning a new successful period of their lives. The TKR, thus, offers them a chance to improve their Practical Wisdom by gaining experience, related to education and work, which they cannot receive from home.

The central target group of the TKR in Herne is, in addition to other groups, primarily good students at the ten secondary schools in Herne, with ambition but poor opportunities, who are on their way to a university entrance certificate.

Empirical findings on transitional problems after the upper-secondary level describe a multitude of difficulties each student may face. Two findings in particular suffice to explain the rationale for selecting this central target group in Herne for strategic Diversity Management at the WH.

Upon closer inspection of the group of students in general, it is still remarkable that the decision to begin their studies in higher education appears to be determined by their social backgrounds (Middendorff et al., 2017, p. 26).

The TKR program addresses these issues and seeks to gain new students in their higher education programs from the group of adolescents whose parents did not pursue higher education. Further findings show that 28 percent of all first-year students who began their bachelor's degree in 2008/2009 do not finish their studies and this applies to students of any major at any given institution of high education (Heublein, Richter, Schmelzer, & Sommer, 2014, p. 3). The hypothesis suggests that the early support from the TKR, which starts while the talents are still in school, will ensure a better preparation for the initial phase of getting through their studies or vocational training and will reduce dropout rates in post-school education due to subject-specific or personal reasons.

3.2 Guide – Qualify – Motivate: How does the TKR work with its target groups?

Preparatory subject-specific support in mathematics, German, English and other fields for subsequent studies and vocational training represents the key element of the TKR. Given the fact that there are more than 500 apprenticeship trades and approximately 16,400 study programs in Germany (cf. statista.com 2017), individualized consulting services focus on each participant's self-image and vision and offer them individualized assistance in finding the path that best suits his or her particular skills, interests and needs. The development of networks with public or private employers appears to be particularly important for supplementing the consulting sessions. They serve not only to facilitate better guidance for the adolescents, but also to pique the interest of organizations in the particular target group of the TKR, which may hire them for a dual-study program.

First experiences show that when company decision-makers meet the TKR's talented students, they are given the opportunity to question the traditional, socially-specific stereotypes of adolescents from unstable backgrounds and are prepared to facilitate career paths towards highly qualified dual vocational trainings or dual study programs for this group (inclusion). Here the TKR helps to improve the employers' Practical Wisdom, by offering them another view on their future employees.

The talented students themselves also can get to know staff managers. Through their own personal experiences, they will be able to gain a new perspective (non-observable behavior on the micro level) and discover professional opportunities of which they may not have been previously aware. In this regard, the network partners are primarily institutions, which implement social sustainability comparable to a "business case" into their daily operations as part of their Corporate Social Responsibility.

3.3 The Choice of Herne as a Location for the TKR

The TKR of the WH is located in Herne, a city in the northern Ruhr area with a population of about 154,000 and bordering on the west with the city of Gelsen-

kirchen. In the north, the municipal area of Herne borders with Recklinghausen. Both Recklinghausen and Gelsenkirchen are locations of the WH, though Herne itself is not a location for higher education. In the winter semester 2014/2015 4.8 percent (N=212) of the students at the WH had received their university entrance certification in Herne (Stadt Herne, 2016). Hence, there is a regional relationship between students with connections to Herne as stakeholders and the WH (inclusion). While the problem exists throughout the Ruhr area there are some troubled areas where the group of adolescents who grew up under difficult socio-economic conditions in families without an academic background face more than their share of difficulties. The most recent statistics show that in 2012, 27.6 percent of the children and adolescents in Herne, who are 15 years or younger, lived on welfare in communities of dependence. The state-wide average in North Rhine-Westphalia is 17.9 percent (cf. Stadt Herne, 2014, p. 35, p. 85). Despite this high proportion of children and adolescents on welfare and communities of dependence, each year 36.3% of the adolescents obtained a university entrance certificate (university of applied sciences entrance qualification and higher education entrance qualification) according to the 2012 reporting period. The statewide average was 40.1% in 2012 (cf. Stadt Herne, 2014, p. 113). Due to this fact, it is clear that Herne, with its socio-spatial structure as well as its educational landscape, is home to a large number of adolescents who are regarded as the particular group whom the TKR would like to foster. This target group is on its way to a university entrance qualification but has rather low chances of starting a successful educational career. Fortunately, because of its central location (close to the train station and right in the middle of the city), the TKR is within walking distance to six of the ten secondary schools and thus accessible to most students.

3.4 The Teams of the TKR and the central department of Talent Development

Normative commitment, which is not necessarily a bond with the organization so to speak, but rather an appreciative position vis-á-vis the target group itself, plays a significant role in team development. The TKR's instructors primarily teach German, mathematics, English and since May 2018 also informatics. The

options for qualification are offered in trimesters, which follow the school year and take place in small group settings.

At this point, it appears necessary to have a closer look at the practical work of the TKR. For example, after a subject-specific placement test, a teacher offers a module on "Comma Placement & Spelling" and meets with his small group of students for ten weekly sessions. Between sessions, he keeps in contact with them via electronic media. This way, the individual teacher can maintain a relationship with the talented students. Emphasis is given to the students' development without outside influence from the core team in Herne. At the beginning, and at the end of each trimester, there is a collaborative discussion. However, from time to time there are informal conversations which help to convey the open-minded attitude of the core-team vis-á-vis the students. As a result, the teachers can recognize the diverse nature of the adolescent target group and appreciate the unique insights each student has to offer. To strengthen the team spirit on a meso-level, an organizational handbook, which is used as a working basis for the TKR teachers, supplements these personal conversations. Apart from organizational matters, it also communicates the perspective of the central department of the Talent Development to the teachers (inclusion). The positive and open-minded attitude of the Talent Development at the WH toward the talented students in general, as well as the team's questioning of alleged stereotypical behaviors of this group in particular are the foundation for approaching every single adolescent with attention and appreciation.

In relation to other consulting-opportunities for young people, like the Federal Employment Agency or course guidance centers, the TKR has more resources than only one hour per month. The team of the TKR invests time into the talents. Such an environment without any time pressure for the student body creates an atmosphere that allows the individual adolescent to explore and develop previously undiscovered or underestimated capabilities and skills (micro-level). This feeds into Schwartz`s sixth key characteristic of Practical Wisdom. In order to support these processes, staff rely on their professional consulting expertise and employ various approaches such as systemic consulting.

Three talent scouts from the WH work in all ten schools in Herne with a secondary level and introduce the student public to specific offers of the TKR. It also works in the opposite direction as the team of the TKR also offers the chance for the students themselves to become part of the talent scout program. The talent scouts have an office in the TKR and are involved in the development of the trimester syllabus to which they are encouraged to bring their own ideas.

The talent scouts are part of the project development of the TKR (inclusion) and regularly attend strategic meetings. In order to balance the particular interests of scouts, teachers and the core team, strong cooperative management defines the organizational culture. It is implemented in order to prevent fault lines due to the different team structures, or to at least make them more readily visible during the process. Three members of the core team of the TKR also attended the scouting qualification of the NRW-Center of Talent Development. Therefore, they bring the perspective of the TKR along with them (inclusion). The management of the TKR holds civil servant status and is on permanent employment; which ensures that the approach receives the appreciation and strategic ascription of importance by the WH. The Diversity Strategy of the WH is taken into consideration when setting up the teams. This is the reason people with and also without an immigration history were able to find employment. Particular attention was paid to gender distribution because of the advancing feminization of professionals in both counselling institutions in schools of higher education and secondary schools. In the school year 2014/2015, only about 40 percent of the teachers at academic high schools were male and the numbers continue to decrease (cf. IT.NRW, 2016). This could be a reason why the talented students find the gender distribution of the mentors on the team representative of society in general.

3.5 Further Development of the TKR

Three central aspects provide a perspective of the project, which was initiated in September 2015 and will be supported for now until 2019:

„Bridging the Gap" (German: Kein Abschluss ohne Anschluss *KAoA*) takes effect for the student population at schools on a meta-level (cf. Bäcker & Meetz, 2016), since all schools in Herne as well as the study counselling of the WH are integrated into this state-wide initiative. Influences on the Diversity Strategy of the WH are, of course, to be expected (Diversity Strategy).

The TKR specifically intends to acquire not only teachers in higher education to serve, for example, as instructors, but also, decision-makers from both private and public employers to question traditional standards on the part of the students themselves and on part of the organizations, helping to improve their Practical Wisdom, especially concerning Schwartz's second and fourth key characteristic. For this, various approaches are developed so that Corporate Volunteering can be integrated into the CSR programs of each company. The initial experiences with respectively fourteen adolescents and four employers during a 14-day summer school in 2016 and 2017 were very positive. At the same time, the continuing personal development of the core team – also in collaboration with the cooperation partners – stands as the center of attention (inclusion).

The explorative character of the TKR also asks the question, by means of a corresponding evaluation, if every municipality requires a TKR in the future to be able to pro-actively address diversity. That is why the approach of the TKR of the WH not only pursues a strategy of assimilation according to the guidelines on the meta-level, but considers whether it may be capable of influencing the meta-level itself should the success criteria speak for an expansion of the TKR-approach into the region (Diversity Strategy).

4 Writing Talents – Basic Level Language and Written Language Promotion in the Sense of Inclusion

Writing Talents was established as a part of a quality pact-teaching project by the Federal Ministry of Education and Research in 2012. The project is called ProStudi and is a program for a structured study entrance phase. The focus lies on the promotion of basic level language and written language skills and inte-

grating them into the student's study curriculum because they are regarded as crucial for the ability to study, for studying itself and for successful entrance into the labor market (Boston Consulting Group, 2009, p. 31; Bundesamt für Migration und Flüchtlinge, 2011, p.10). The offers include courses, workshops and consultation hours on language and writing advice on a voluntary basis (schreiben.meinetalentfoerderung.de). In addition to that, as of 2015, courses for credit were offered. (For further information on concept, implementation and the linguistic and educational scientific relevance of Writing Talents (see Kreppel & Birnstiel, 2015; Kreppel & Birnstiel, 2016). While the focus was primary on language promotion, subject-specific writing support was added in 2016 with the introduction of a third-party project that was acquired within the framework of Writing Talents. This project is called Peer-Schreibdidaktik (peer writing didactics) and is a collaboration with the Writing Center at the Ruhr University Bochum and the Student Counselling & the Career Service of the University of Applied Sciences Dortmund. It is in this case a measure of the educational initiative RuhrFutur (see www.ruhrfutur.de/Peer-Schreibdidaktik).

The team of Writing Talents consists of five, full-time employees and eight student assistants. The program initially began with one, full-time job, but due to high demand for support measures in the area of literary competence and requests by teachers for additional courses, two extra, full-time positions were created. Furthermore, by making the management position a permanent one, the WH set an example that German language instruction as well as English and related courses of study belongs to the standard repertoire at universities. With the extension of the quality pact-teaching project to the end of 2020, the two employees' contracts were extended and two other full-time positions were added.

The program, Writing Talents, together with other projects, is located in the Central Department of Talent Development at the WH, thereby having a close exchange with members of other talent development teams. This is especially true with respect to the thematic overlap with the colleague responsible for the qualification of German courses at the TalentKolleg Ruhr and also the Talent Development's scholarship counseling, where talents are informed about spe-

cific scholarships and where Writing Talents provides support concerning their application.

Regarding our intern status, we cooperate with university lecturers and / or (study) deans from all eight university departments, the International Office, the Central Study Counseling and the Library, at the organizational or, to some extent, content level. In the following, individual aspects of the team development of Writing Talents will be presented as well as the work with the students in the sense of CSR, diversity and inclusion.

4.1 Goals of Writing Talents

In terms of our work, an ethnically-based justification for the implemented language and writing support is important and should convey the significance of the staff's activities in the education policy sector. Accordingly, the higher interest of the program is to contribute to the equality of opportunity and education of young people in the northern Ruhr region.

The differing linguistic-cultural origins (immigration history) and family situations (first-generation academics) of the students enrolled at WH suggest a range of individual experiences with the German language. As a result, different access routes to the university mean that first-year students of different school forms have also been able to accumulate different intensive scientific experience. In particular, those graduating from vocational colleges have different experience with language as do high school graduates.

Our evaluation of 762 German orientation tests, and thus about one third of the cohort in the winter semester 2015/16, showed that the tests of graduates from vocational colleges included more mistakes in basic knowledge (such as spelling, grammar and punctuation) than the tests of graduates from all secondary schools and high schools (Balko, 2016). While visiting a vocational college, pupils take an apprenticeship at a company. Having two days of school and three days at a company, the post-secondary institution is designed to provide technical skills for a specific job. Therefore, the focus lies on a job-specific training rather than preparing students pursuing a career in the academic context.

Parallels can also be drawn while comparing the tests of students in reference to their university entrance qualification. There were more mistakes made by students with an entrance qualification for studies at universities of applied sciences than by those with a general qualification for university entrance (cf. ibid.). With regard to students with an immigration background, studies show that students with and without an immigration history generally have similar pronounced syntactic skills (Petersen, 2014). However, the knowledge about the high proportion of students with an immigration history is relevant, as differences are also shown (Schindler & Siebert-Ott, 2011; Bundesamt für Migration und Flüchtlinge, 2011).

Our evaluation adduces that the test results of students who have an immigration history exhibited more mistakes in basic knowledge than test results of students without an immigration history (Balko, 2016). In the case of first-generation academics, it might be the case that there is no one in the student's immediate family familiar with the conventions and requirements of scientific writing at universities, and therefore in a position to offer help.

Additionally, our evaluation revealed that more errors were found in the area of basic knowledge in the tests of first-generation academics than in tests of students with an academic family background (cf. ibid.).

The goal of assistance offered by Writing Talents is therefore to support motivated and talented students who exhibit weaknesses in literacy competence due to their educational background, linguistic-cultural origin, and / or family situation. Writing Talents provides the opportunity to connect to anticipated problems and to support students in these areas throughout their academic studies and beyond.

4.2 Team Development and Culture

For the team development of Writing Talents, normative commitment is of particular importance. Decisive is the internalization of the talent idea espoused by the Central Department of Talent Development; namely, displaying an appreciative attitude toward the students on a day-to-day basis. The professional and personal development of the employees is also an important aspect. The

activities within the framework of Writing Talents are unique to German universities due to the content that is taught in the courses and workshops. In addition, the creation of specific teaching materials in German-language basics for students of technical and natural sciences, (be they native speakers of German or learners of German as a second language), requires the methodical and pedagogical approach of Writing Talents as well as professional enhancements and practical experience within the team.

The management also strives to divide the tasks within the team in such a way that the diversity of the employees is taken into consideration – meaning their individual strengths, experience and knowledge. At the same time, staff are given the opportunity to further develop their skills and acquire additional knowledge in order to strengthen their own motivation, identification with and commitment to the team and to the employer.

The team culture of Writing Talents is characterized by mutual support, appreciation and positive relationships. The colleagues appreciate each other, learn from each other and can ask each other for advice. Moreover, the management of Writing Talents strives to establish an inclusive team culture. Feedback is given in regular exchanges that take place in both individual and team discussions. In addition, it is expected that the staff contribute their personal experiences, knowledge and personalities as well as their linguistic, social and educational backgrounds to the team effort.

For our work with the clientele of the WH, it is extremely relevant that the heterogeneity of the student body, meaning the family, the linguistic or the educational background, is also reflected within the team. On the one hand, we can gain credibility and contribute to the identification from the student's view. On the other hand, we can more easily classify literary strengths and weaknesses as well as understand the situation of the students and empathize with the students.

4.3 Conceptual Design and Implementation

The heterogeneous composition of the student body at WH serves as a starting point for the conceptual design and implementation of the offerings made by

Writing Talents. Each student's immigration history, school leaving qualifications at a vocational college, and status as a first-generation academic are intertwined in various combinations.

The staff is sensitized both to the origin of the students and to their individual educational biographies; thereby ensuring an atmosphere of inclusivity.

Accordingly, staff are attuned to variations in student writing skills and take it into consideration both in the classroom as well as during private consultations.

To determine individual student needs, language levels are tested prior to the start of the course. Based on the results, course content is modularly structured in a way that speaks directly to student strengths and weaknesses, and the teaching methodology is designed in a way that is congruent with the diverse backgrounds of the participants. This is intended to ensure the most individual support possible in the courses. Diversity is recognized as a resource that enables students to contribute to the course culture through their personal experiences, interpretations and ideas and are also invited to do so by the teachers.

The attitude of the teachers towards the students is characterized by appreciation and the perception of the participants as talents. The term, "talent", which is also intentionally used in the name of our program, underscores this approach, and at the same time, emphasizes that we are distancing ourselves from a deficiency approach that associates low literacy with low overall abilities. The internalization of the terms used, and their meanings, leads to the internalization by staff of the fundamental values of Writing Talents.

In communicating with students, staff also emphasize the talents of the participants and the successes they have achieved so as to give the teaching of basic German a more positive connotation. This is supported by the strength-oriented approach we pursue incorporating the prior knowledge of the participants into the course. This is especially effective during consultation sessions for language and writing skills, since feedback is given to (parts of) academic texts, applications, etc. in a one-to-one situation. In addition, staff convey the content in an appropriate, somewhat low-threshold language and proceed at the pace of the students. They motivate, are friendly, and meet on equal terms.

Getting to know the participants and their personal backgrounds is effective because of the small group format of 4-12 participants in the courses and workshops. In the sense of talent development, a holistic support of the participants is also strived for. This is realized by pre- and post-course conversations, so that the teacher is able to recognize further support needs. Because our goal is to help students realize their full potential, their personal and professional development is at the forefront of all our endeavors. For example, we assist them with applications for scholarships, study abroad programs, or other support programs, such as tutoring in mathematics by contacting the responsible persons or arranging direct appointments for language and writing counseling, and also by helping them write letters of motivation.

Writing Talents maintains exchanges with other universities in the region. These take the form of joint lectures and publications (University of Duisburg-Essen) as well as the aforementioned third-party project on peer writing (Ruhr-University Bochum and Dortmund University of Applied Sciences). To continuously improve, we discuss our concept and its implementation at national and international, linguistic, educational, and writing center conferences. Through regional education initiatives, we are consulted as experts on the topic of language promotion at universities, and we are represented in a language and text study group, convened by the Ministry of Innovation, Science and Research of the state of NRW. As a pioneer project from the already mentioned quality pact-teaching project of the Federal Ministry of Education and Research, two other universities of applied sciences, namely the Ostfalia University of Applied Sciences located in Lower Saxony as well as the Bochum University of Applied Sciences located in the Ruhr Area, adopted the concept of Writing Talents in December 2015 (Hänsel, 2015; Kreppel, 2016) and March 2018 (Laaser, 2018).

5 Lessons Learned from Diversity Management

To develop an inclusive environment based on the “learning and effectiveness” paradigm (Ely & Thomas, 2001), or even to create an inclusive field not only inside the organization but expanding into the external environment (“inclusion and transformation” paradigm, see Buehrmann, 2016), we recommend a par-

ticular mode of implementation based on a systems approach (Aretz & Hansen, 2002; Hansen, 2016).

This approach combines the following functions, which we directly relate to our case study:

Latent pattern maintenance by creating a diversity vision compatible with the university's existing values, among which educational performance and high-level research, both with focus on practical application, and providing chances for everybody irrespective of a family's economical background are core.

Integration on the internal dimension by developing an attitude toward diversity based on the needs of the organization and their members, which prevents the splitting-off of individual diversity dimensions (in this case: to prevent an isolated focus on migrants). **On the external dimension**, integration is secured by building bridges throughout the community; especially to schools providing the university with students, to firms to whom bachelor and master graduates are made available and to communal and regional institutions which are dedicated to improving the opportunities for academic pioneers.

Goal attainment by building enabling systems and connecting them to existing systems (for example monitoring systems, local networks, or politics on a communal and state level).

Adaptation to the organizational needs and resource mobilization in form of financial support, information and commitment to diversity and Diversity Management (in this case subscription to the Diversity Charta, fundraising from foundations, networking with external experts as from state administration and communal institutions).

The four functions can be combined with the "7-Steps-Approach", suggested by Becker, Huselid and Ulrich (2001) as a useful guideline for managing change in general. The combination of both is visualized in table 1. Presenting the specific steps of the WH, we show the extent to which Practical Wisdom is part of the

process. Following those general guidelines, WH's specific way and pace can be described and analysed. In reality of course, the path was not that clear and decisive, with progress made mostly by trial and error. Whenever the current level did not provide a secure base for advancing to the next level, a step backward was taken to reassess the situation.

Table 1: Implementation Concept from a Practical Wisdom Perspective (own design, according to Schwartz, 2011)

Step	Putting people in charge
Function	Resource mobilization
Actions	Finding a core group of promoters to start the process: initially: members of the university's board, experienced staff with skills in "Practical Wisdom"; later: politicians and co-operators / actors from schools and other universities.
Step	Creating a shared need for diversity
Function	Adaptation / Integration
Actions	Setting up a "Strategy Map" connected to Diversity Management: Proportion of students with non-academic, migrant background in the region, demographic changes in future, connection to all-over strategy of university and state. From a Practical Wisdom perspective: recognizing the "proper aims" (Schwartz, 2011, p.9)
Step	Shaping a diversity vision
Function	Latent pattern maintenance
Actions	Drawing a picture of the future with relevance to the organizations' goals and the stakeholders' needs and wishes: Interviews with students, teachers, state representatives, teachers, business people etc. From a Practical Wisdom perspective: reading the social context, making "emotion an ally of reason" (Schwartz, 2011, p.9)
Step	Mobilizing commitment for diversity
Function	Resource mobilization
Actions	Communicating the vision and broadening the range of operators supporting Diversity Management: steering committee involving politicians, business people etc., networking with schools, building a network of supporting professors, fund raising / applications for funding by different institutions, receiving awards. From a Practical Wisdom perspective, this includes "perspective-taking"

	and involving "craftsmen … having the right experiences" (Schwartz, 2011, p.9).
Step	Building enabling systems
Function	Goal attainment
Actions	Starting with a task force, a team was built, continually improved and connected to existing systems. Today a department is in place that even directs external units, such as the "Talentkolleg". The program is directly connected to the university's board, reporting to the academic senate as well. Integration of diversity aspects into monitoring systems, international office/international activities, "access academy", mentoring, career services, scholarship funds. From a Practical Wisdom perspective this is about improvising in the beginning and in new situations and about "balancing conflicting aims and interpreting rules and guiding principles in light of the particularities of each context" (Schwartz, 2011, p.9).
Step	Measurement and reporting of progress and effects
Function	Goal attainment / Integration
Action	Organizing, measuring and communicating positive pilots and their effects. An evaluation system has been developed. Open discussion of chances and problems; identifying difficulties, inviting ideas to improve. From a Practical Wisdom perspective, it is important "to move beyond the black and white of rules and see the grey in a situation" (Schwartz, 2011, p.9). Public interest is strong on the project. Media has been reporting continually. Obviously, the Talent Development was able to "read a social context" (Schwartz, 2011, p.9) in a comprehensible way.
Step	Making it last
Function	Goal attainment
Actions	A department has been installed and the leading staffs have got tenure. The Talent Development is documented as a core task in the statutes of the university. From a Practical Wisdom perspective we can state that the university "wants to meet the needs of the people she is serving" (Schwartz, 2011, p.9).

6 Conclusions

From a Practical Wisdom perspective, the Central Talent Development Department, and especially the projects presented above, exhibit core features: proper aim of the activities, balancing conflicting aims, reading a social context, taking on the perspective of another, making emotion an ally of reason, teaming and developing sensitive persons experienced in the field.

According to the insights of research on Diversity Management, the program can initially be characterized as an approach following the learning and effectiveness paradigm (Ely & Thomas, 2001) with a medium-term perspective. The focus is not just the use or even exploitation of potential resources, but on supporting and developing them. The complete university is supposed to - slowly - change its character and culture towards more openness. After some years, this process and especially the political support lead to the entrance of a fourth paradigm, namely "inclusion and transformation" (Buehrmann, 2017) which is characterized by including formerly unaddressed groups and influencing the external environment (in our case other universities, schools and employers).

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Practical Wisdom: A Key to a Successful Implementation of Lateral Leadership

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1 The never-ending story: Discussion about leadership in the infinite loop

Never before has the call for constant change been growing louder than in the 21th century. The so-called megatrends or change trends (e.g. globalization, individualization, diversity (Stangel-Meseke, Hahn & Steuer 2013; 2015), female shift, demographic change, digitalization) challenge traditions, leave their mark or even wounds on society and the economy: this way megatrends illustrate that insisting on the status quo is no longer socially favoured, let alone acceptable. On the contrary, individuals – whichever generation they might belong to – had better change their ways fast and as independently as possible.

Linked to this is the demand for new approaches, for a change in leadership, for "good" or "effective" leadership which seems to be a promising tool for tackling the upcoming challenges of the environment. However, how should executives behave towards their colleagues and employees? What is the "organizationally-desired" or "adequate" leadership behaviour? Where and to whom should executive turn for orientation? Which criteria are to be applied and which ones shall remain valid? Who can act as a role model? These are only some of the questions raised again and again like in an infinite loop.

Discourse about leadership or not: despite great efforts in leadership research, it is still unclear what the characteristics of "good" or "effective" leadership are supposed to be. To put it plainly, the question is: Can leadership research fulfil this objective, considering the increasing requirements and growing complexity in our society? The trends a society is preoccupied with at certain times, are also significant for looking at and discussing modern leadership. This continuous development has led to the creation of a flood of 21st century leadership terminology characterised by adjectives: positive, authentic, value-oriented, trustful, digital, to mention but a few of the promising constructs. The operationalisation of these ideas drives psychologists active in the fields of management psychology and psychological diagnostics to utter despair. Despite this ongoing discourse about leadership, the respective concepts are implemented in business in very different ways. Every company has its own, specific concept, which can be run-of-the-mill, innovative, creative, or even unusual. Which of these options is

chosen, largely depends on the industry the company operates in, the predominant organizational and leadership culture as well as the dominant traits of the management's representatives.

The dilemma of leadership research is that it can contribute insights only by providing empirically substantiated results. It is therefore unable to come up with flexible ad hoc responses to dynamically changing demands on management. In contrast to this, industries often have a sense of urgency which is due to external changes and changes in leadership going along with this. It is not surprising that in this situation businesses fall back on management concepts imposed on them by consultancies which do not worry about adjusting the proposed measures to the needs of the respective organisation. The huge supply of leadership and management trainings – offered by institutes and freelancers of varying quality – is an indication for this development. The influence of popular scientific publications should also not be underestimated. Titles such as "Management für Dummies" – Lassen Sie sich zu Ihrer Führungsrolle führen" [Let yourself be led to your leadership role] (Nelson & Economy, 2017) lead potential customers to believe that leadership is an easy, if not super easy task which can be learned by the pragmatic instructions which are offered.

Vermeren (2014, p.1) summarizes this dilemma of lacking connection and the resulting gap between scientifically substantiated leadership and its practical implementation as follows:

> *"A lot of sense and nonsense has been written on the subject of leading people. It is not easy for laymen or professionals to assess the real value of all those styles and opinions. Some authors obviously write through rose-coloured glasses and on the basis of personal preferences; they pay little attention to experiences, facts and studies that contradict them. A lot of books merely reflect personal views rather than scientific."*

It is my concern to react to the above-mentioned dilemma with an interdisciplinary approach instead of presenting yet another long-winded inconclusive text about leadership. Thus, I embark on a scientific quest: My starting point is the field of "lateral leadership" which, in the past few years has become increasingly important for change processes. Focussing on the main characteristics of this approach, I am going to evaluate its application by means of a practical example

and by applying the classical methods of organisational psychology. The search for traces leads to the philosophy of Practical Wisdom which is going to be discussed in the context of lateral leadership for the first time. The combination with selected concepts of wisdom psychology and leadership psychology is unique. By exploring Aristotle's thought virtue phronesis, I am going to show that Practical Wisdom in conjunction with psychological knowledge can be key for a successful implementation of lateral leadership in organisations.

2 The discovery of lateral leadership for change processes

As early as the 1950s, the notion of lateral leadership was discussed in research. Using the expression "Unterwachung der Führung" [non-supervision of leadership] Luhmann (1969) already highlighted that leadership is universal: there is top-down, horizontal and bottom-up leadership. Lateral leadership works horizontally, i.e. cooperation without power in fields where relationships are not characterised by hierarchical authority. (Kühl & Schnelle, 2005, p.188). In other, more modern words, according to Kühl (2017) the idea of lateral leadership, with reference to Handy (1989), is part of a trend toward a post-heroical management. This means that it is not the "the charismatic leader" who is in the focus but rather systematic procedures which are integrated in the organizational structure and which are agreed upon by all members of the organization, i.e. the transition from a hierarchical to a democratic principle (cf. Kühl 2017, p.13). Those who are involved in lateral leading have certain roles in the organisation and their interests and thought patterns represent their organisational position. Thus, the concept is viewed and anchored in the context organisational sociology.

The current, "trendy" application of lateral leadership takes place in the context of planned changes in organizations, a process which is nowadays described as "Change Management" (Doppler & Lauterburg, 2014). Due to the complexity and their own dynamics, those organisational changes cannot simply be decreed from "above". They require cross-hierarchical information and communication so that the necessary changes can be implemented (see Frank Ihlenburg and also Rüdiger Kloss in this volume). This is why the executive management

not only needs the cooperation of all employees but must integrate them into the process in order to make use of their expertise and experience. At this point, lateral leadership steps in as a supporting element. Although it respects hierarchies in organisations, it partly dispenses with hierarchical supervision (Kühl, 2017).

As I see it, change is comparable to a multiple somersault. Many members of the organisation are feeling dizzy in the face of the fact that the conditions for their cooperation change significantly: familiar settings are being questioned when structures and operational procedures change or are replaced by new standards and hierarchies. In addition, the existing power constellations and information flow are transformed. What makes matters worse is that most organisations do not have any experience with changes, new approaches and unfamiliar situations. As Kühl (2017) points out, all of these changes have an influence on the prevalent thought patterns of all involved parties. This is why he recommends to closely analyse these patterns existing in the different fields of interest, i.e., in departments and divisions as well as those of various stakeholders, when it comes to implementing lateral leadership in a change process. Recognising prevalent, traditional thought patterns is critical for success when it comes to the shift in communication, trust, and power processes.

By now, it is common sense shared by theorists that in general change processes do not run smoothly (see Kotter, 1996; 2009). Supporters and resisters of change represent radical positions which become more and more polarised during the change process. Moreover, there is a large variety of behavioural patterns in practice, ranging from enthusiastic and visionary impulses, expressing a passion for new challenges, to desperation, stagnation and frustration about losing familiar settings. This latter pattern is characterised by the fear of getting lost in an ocean of uncertainty, i.e., the new organisation.

One way of handling this situation is contingency. According to Luhmann (1973, p. 327) contingency can be defined and understood as follows: no event is necessarily the way it is; it can also be different. Therefore, with a view to change processes, Kühl (2017) postulates that solutions should be introduced as trials. This way new types of communication, trust and power processes can develop

in a provisional, protected environment. Different thought patterns can emerge from new positions which are adopted on a kind of trial basis. This may also lead to new communication processes and there is the opportunity that new, yet unknown paths are taken toward change.

As far as dynamically developing organizations are concerned, lateral leadership, defined by the organisational-sociological considerations presented here, is a vehicle for the gradual implementation of organizational change to the extent that it encourages new thought patterns. However, it is naïve to think that lateral leadership as a systematically integrated way of thinking is a 'sure-fire-success'. From my experience, certain framework conditions of change must already be implemented by the management so that lateral leadership can unfold its strengths. When it comes to the positively connoted organisational-sociological view on lateral leadership, there is a striking difference, if not opposition, between theory and practice. In the following, this is going to be illustrated by a case dealing with the implementation of lateral leadership in international project management.

2.1 Quo Vadis lateral leadership? – Barriers of practical implementation in the change process

The following example of a medium-sized, internationally operating organization shows the large gap that exists between the desired and reality when lateral leadership is implemented.

Implementation of lateral leadership in a medium-sized organization (own presentation)

> The self-perception of a medium-sized, internationally operating organization in the communications industry is that all engineers in the organization possess a high level of expertise in product development. Competition in the market is intense and, to stay competitive with lower labour costs, the organisation becomes more and more global. In addition to the German unit, a subsidiary in another country is established. As a kind of headquarters, it has equal rights and the authority to give orders to the German unit. In this change situation the top management expresses a first vision for the organi-

zational change in the next ten years: The objective is to consolidate the future leadership in the technology market, using the technological expertise of the employees. The request of the Human Resource Department to also guide the employees through the change as far as behaviour is concerned is initially seen positively by one of the board members. With the increasingly perceived deterioration of the sales market, however, other board members put the necessity of accompanying behavioural measures into question and take on a purely economic view of the change. The previously formulated vision remains technically oriented: In the individual divisions time-consuming lists are drawn up to facilitate a bundling and transfer of knowledge at all locations, including the international ones.

In this changed situation, internationally operating project managers are assigned and in addition to their original tasks they are to laterally lead team members who work internationally to a successful completion of projects in the newly created structures. Two-day trainings are carried out to create an awareness for the demanded scope of behaviour to be shown in lateral leadership. There are short exercises to give the participants an opportunity to try this out. Although the training is well accepted and has been carried out for some years, the company management neither reacts to problems formulated in the training sessions nor do they propose measures geared toward securing a knowledge transfer. Furthermore, it becomes clear during the trainings that the project managers lack leadership experience. This is an extreme stress factor for them when it comes to dealing with changing and internationally socialised team members.

Moreover, some project managers feel very overburdened since they are only partly released from their original tasks and the projects are additional work. For some of them the situation escalates to the extent that they show stress-related psychosomatic symptoms and absences from work due to illness seem inevitable. From their experience project managers know that escalating the conflicts in the team to the next higher level – as is proposed by the organisation – is not going to improve the situation. The superiors (on the next hierarchical level) only react sporadically or appeal to the project

managers' expertise and autonomy. Despite increasing fluctuation of qualified employees who are dissatisfied with their working conditions, the company's management sticks to its strategic and operational course of action.

The present case reveals organizational psychologic problems which also represent barriers for the implementation of lateral leadership:

The top management assumes an archaic conception of the homo oeconomicus (Kirchgässner, 2013) whose technical expertise is the only means to compete with others. Adhering to technically-oriented thought patterns prevents an alteration of behaviour appropriate for the change. The top management´s demand to preserve and differentiate technical thought patterns and at the same time "dictating" lateral leadership for international project managers inevitably leads to an extreme form of cognitive dissonance in this group. (Festinger, 1957). In their lateral leadership they experience a discord between traditional thought patterns (routines) and the problems they encounter when confronted with various national and international thought patterns. At the same time, an unfavourable ingroup-outgroup perspective develops (Tajfel, 1978; Tajfel & Turner, 1979). The ingroup, the top management, adheres to its leadership principles including the respective values as well as performance and behavioural norms, while the outgroup, which operates without authorized project managers, is supposed to be successful in the jungle of traditional, national, and partly unknown international work attitudes and thought patterns.

Lateral leadership training programmes for international project managers are exclusively offered retrospectively in the ongoing change process and to some extent these programmes are called into question. According to evaluation research, however, measures geared toward a change in attitude are only effective when taken prospectively and require the individual commitment of the executives (Thierau-Brunner, Stangel-Meseke & Wottawa, 2006). At this stage in the change process, many organizational and individual problems concerning implementation have already manifested themselves and lead to a critical view on lateral leadership. The lateral project managers are left to their own devices and must act and negotiate with various stakeholders and, more specifically, with their team members in a non-hierarchical context. This situation brings

along many role conflicts which cannot be solved by the project managers alone and not under time pressure. Particularly the highly performance-motivated project managers who aspire for high quality in their work, run the risk of overestimating their personal and time resources and risk exhaustion or even illness.

The brief analysis of the case from the perspective of organizational psychology shows the following:

> Lateral leadership is only effective in the change process when the top management presents a clear and binding vision, plans the process strategically and manages it operationally in an exemplary manner. From an organizational-psychological perspective and according to Kotter's eight phases (1996), the change should already be in phase 7 "achieving short term results" and progress toward phase 8 "sustainable implementation into organizational culture. Or, according to Lewin's classification of the development of change (see Martin, 2007), the phase of unfreeze (of a stabilization) must have already occurred. Successful lateral leadership needs convincing internal communication as well as consistent action of the top management. Changing predominant thought patterns requires a high degree of sensitivity as well as distinctive employee orientation. The tasks fulfilled in lateral leadership must be accompanied by systematic measures geared toward personnel and organizational development. This is essential since in practice (Stöwe & Keromosemito, 2013) the requirements of lateral leadership are the same for executives with or without authority: leading on the basis of the identified motives of national and international team members; adequate implementation of strategies to facilitate behavioural change of the team members; practicing conflict management in a timely manner; knowing critical success factors of managing virtual teams and handling them in a project-related manner; establishing a successful communication and cooperation with the next higher hierarchical level.

With a view on the concept of "lateral leadership“, it can be summarised that this is not solely a systemic phenomenon with a focus on organizational thought patterns. On the contrary, the successful implementation of lateral leadership is significantly influenced by the traits of the top management and the executives.

In consequence, the search for traces in this interdisciplinary approach leads to the identification of change-relevant and success-critical leadership characteristics and thus to the field of wisdom psychology and selected respective theories of leadership psychology.

3 The executive as an all-round mariner in organizational change

In organizational psychology, the prerequisite for designing change in a successful way, is that organisations and their executives establish a learning culture. As early as 1978, the pioneers of organizational learning, Argyris and Schön, dealt with this topic. In their comprehensive work "Organizational Learning: a theory of action perspective“ they presented a constructivist approach to learning (Argyris & Schön, 1978).

Organizational learning is understood as follows:

> *"[…] learning lessons from past achievements and failures, detecting and correcting of past fallacies, anticipating and reacting to imminent threats, experimenting, being constantly innovative and having to present and realize perspectives of a desirable future“* (Argyris, 1999, p.9).

The approach emphasizes that organizations are always exposed to learning processes. At the same time, relevant organizational environmental factors (input-factors) must be integrated into the organization's core and reflected and processed in accordance with the organizational goals and strategies. This process leads to an organizational output which, in turn, has an influence on the environment as an output-factor. Thus, organizational learning requires to actively deal with the respective environment. This learning process needs to be proactively accompanied by the executives. This means that the executive must be convinced of the success of the learning approach and represent it self-confidently. Due to the increasing complexity of the organizational environment, the executive cannot have all relevant information at his/her disposal. Thus, the continuous interaction with employees and colleagues is highly relevant and vital for successful change. Only this interaction enables a reflection and analysis of the changes in the organization. Asking for feedback of employ-

ees and colleagues and by reacting flexibly to change, the executive has a positive and supporting influence on the upcoming changes. Vice versa, this interaction reinforces learning- and change-oriented expectations towards executives by continuously increasing the knowledge and abilities of employees (Schein, 2004).

If executives were to act as credible initiators of learning in change situation, this, from my point of view, raises the question which traits they need to have. In this context, the discussion about the so-called trait-approach is old hat and a perennial scientific issue. In many empirical studies scientists have tirelessly tried to identify traits of successful executives (Furtner, Maran & Rauthmann, 2017). This trait debate seems to experience a turn at the beginning of the 1990s: In view of the increasing and partly contradictory demands placed on executives, namely to connect economic success with environmental sustainability while complying with ethical standards at the same time, various scientists refer to the relevance of wisdom in the economy and society (Csikzentmihalyi & Rathunde, 1990; Kastner, 2009; Schmidt & Wilkens 2009). Since the 1990s psychological wisdom research has gained more and more importance (Ardelt, 2005, p. XII). Wagner (2013, pp. 67-68) shows the range and variety of psychological wisdom research: while initially the definition and analysis of the construct was in the foreground, later its application was examined, e.g. wisdom-related knowledge and expertise and their importance for successfully coping with one's life. Furthermore, there was research on different professional groups for developing wisdom as expert knowledge as well as the reflection and accumulation of wisdom in difficult everyday issues. Moreover, intelligence proportions of wisdom and personality traits of wise people were examined. There was also some research on wisdom in the context of organizations and the economy.

4 Research on Wisdom Psychology

Both the implicit and explicit approaches of wisdom research see wisdom as a multidimensional construct (Birren & Fisher, 1990).

Table 1: Exemplary findings of wisdom from implicit and explicit research (Wagner, 2013, pp. 71-72)

Correlation with different features (Staudinger, Lopez & Baltes, 1997):	**Behaviour of wise people (Staudinger, Lopez & Baltes, 1997; Kunzmann & Baltes, 2003):**
intelligence, cognitive style and personal development are influencing but not only explanatory features of wisdom biggest common variance to wisdom intersection personality and intelligence features positive correlation to creativity, if this is understood as integration thin-king in context of a given problem	balance (internal) conflicts effectively empathic towards others (psychologically minded) have reached a high development stage represent values that go beyond the individual
Relevant personality factors (Staudinger, Lopez & Baltes, 1997; Staudinger & Leipold, 2003):	**Wisdom in context of life (Staudinger & Leipold, 2003):**
openness to experiences cognitive progressive style (tolerance of ambiguity, tolerance in general) moral development	life review, life resume life management life planning

Rösing (2006) criticizes that wisdom research takes the perspective of western researchers. With his wisdom triangle, he counters this perspective and points out structural features of wisdom. Figure 1 shows how diversely wisdom is influenced by very different features.

From Rösing´s perspective the central reference point for thinking, acting and feeling in a wise manner is the general value orientation. The orientation on meaning, essentiality and common welfare as a superior personal value represents a central feature of wise people (see also Sternberg, 2003; Kunzmann & Baltes, 2003). Therefore, ethics i.e., the good in actions, are the central reference point of wise thinking and acting.

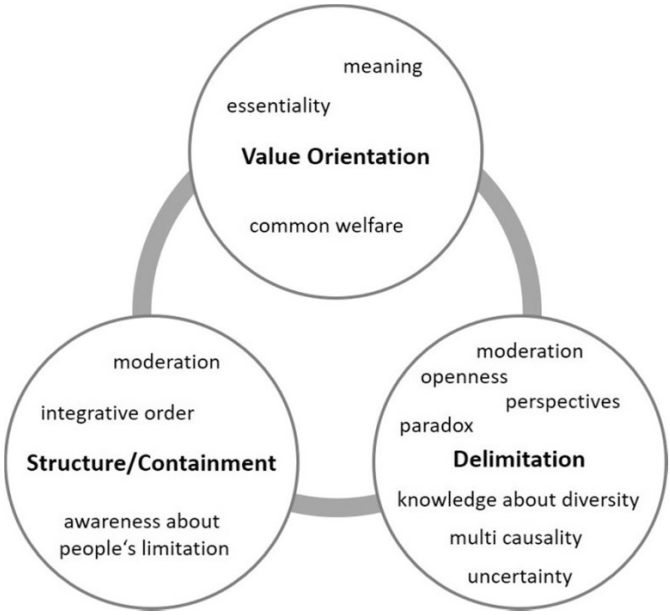

Figure 1: Wisdom Triangle (own design according to Rösing, 2006)

In the triangle, the general value orientation rests on the poles "structure/ containment" and "delimitation". Meachum (1990) deems containment as an essential feature of wisdom. Moderation, which is classified under this pole, is also confirmed in the implicit wisdom research. Wise people know their limits, they are emotionally balanced and less hedonistically-oriented in relation to their values (Kunzmann & Baltes, 2003). This pole shows that the individual sees himself within the larger picture, his limitations and his limits (Rösing, 2006, p. 45). Delimitation can be explained as looking at the context of being and integrating it into the diverse connections between the human being and the environment. Wise people are described to be very competent when it comes to the perception of persons and their feelings ("psychological mindedness“). This pole also includes the complexity which comes along with uncertainty, multicausality and relativity. Thus, the way they deal with ambiguity and relativity characterises wise people (see also Kramer, 2000).

After these first ideas on the general abilities of wise persons or wise leader, respectively, based on the results of wisdom psychology, the journey now goes on to the change-relevant theories of leadership psychology.

5 A change-relevant consideration of leadership psychology

According to Bass and Riggio (2006) transformational leadership in research is favoured as an approach for effective leadership in change. The fundamental assumption is that the focus of leadership is on employee satisfaction and performance. Transformational leadership is based on the following basic assumptions: employees require appreciation, they want to see the significance of their work and want to take responsibility (Avolio & Bass, 2001). High-performing employees strive for motivation and guidance as well as challenges and personal support (Bass & Riggio, 2006). Therefore, transformational leadership corresponds to the development of a leadership relation. Its goal is the positive development of intrinsically motivated employees. The essential demands on transformational executives are shown in figure 2.

Transformational executives should stimulate the performance, self-realization and the support of third parties' organizations´ and society´s well-being. For that purpose, they must be goal-oriented and credible in their communication and act as examples (idealized influence) according to their premises. They show high performance demands, they are characterized by self-confidence and resoluteness. They sketch and convince with an attractive future vision for the organization and show a way to achieve it. Towards their employees they convey confidence so that the imposed requirements can be met (inspirational motivation). Transformational executives stimulate employees to think creatively and independently and support them in that direction. Moreover, they motivate employees to question the organizational processes and to test new solutions (intellectual stimulation). By considering each employee individually a personal relationship can develop and in turn, transformational leaders take up employees' individual demand for development. It is their self-perception that they act as a coach and support their employees by delegating organizationally significant tasks (individualized consideration).

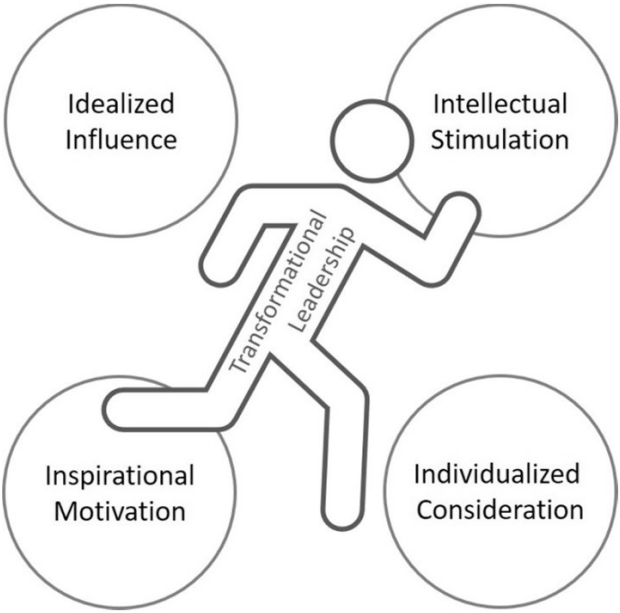

Figure 2: Characteristics of transformational executives (own presentation according to Bass, 1999).

Various studies emphasize that due to the consideration of social values, transformational leadership sustainably contributes to organizational development in change processes (Bass, Avolio, Jung & Bersen, 2003). Based on the development of committed employees, transformational leadership enables the development of team players who contribute to productivity and quality in the change to increase efficiency. For that purpose, executives must delegate their responsibility further down in the hierarchy to meet their employees at eye level (Bass, 2003). Furthermore, various meta-analyses show a positive relationship between this kind of leadership and performance. Here the effect at group level is twice as strong as at individual level (Bass et al., 2003). At the individual level, executives need to develop mutual trust and respect to empower individual team members. At the group level teams are empowered when a sufficiently strong autonomy and responsibility are ensured for all the team members.

Particularly the team members should be integrated into decision making processes and at the same time be enabled to show the highest level of performance. The following applies: The more a team is empowered, the more the team members are empowered. According to research this especially applies to small, long-term cooperating independent teams (Chen, Kirkman, Kanfer, Allen & Rosen, 2007).

While transformational leadership concentrates on the development of the leadership relationship, the relational leadership theory emphasizes the processes in which leadership is generated and enabled. The basis is that leadership can take place independent of hierarchy at all organizational levels (Hunt & Dodge, 2000; Hunt & Ropo, 1998). People become executives only then when they consequently make an effective contribution to the social order and when this is both expected and perceived by the others. Leadership in this context is considered as a relationship in which people can convince others to adopt new values, attitudes and goals as well as make efforts to achieve those values, attitudes and goals (Messnick & Kramer, 2004). As a result, relational leadership is a process of social influence in which social order and changes are generated and produced (Uhl-Bien, 2008). In the organizational change the executive-employee-relation plays an important role for the employees´ psychological security. A strong relationship with the executive and a positive feedback enable employees to apply their abilities in uncertain surroundings. The strong relational correlation enables them to rely on their skills. This means that executives are supposed to enable and practice a relationship at eye level. A thoughtful and caring executive is considered a critical success factor in the change. The executive enables the employees and the other executives to recognize and internalize new insights and to create a growth-oriented working environment. As a result, an effective and cross-hierarchical potential is released to help both to develop their full potential. Especially in times of technological changes and virtual teams, relational leadership strengthens the interpersonal contact and the well-being of the employees and in consequence the viability of the organization (Binyamin, Friedman & Carmelli, 2017).

With a view to the practice of relational leadership it certainly should, however, be emphasized that relationships require a commitment between individuals. This commitment can be strong or weak, positive or negative and can serve as basis for future behaviour. Commitment itself is subject to a dynamic which can be influenced positively or negatively by violations. The Leader-Member-Exchange-Theory (LMX-Theory) for relational leadership therefore deals with the emergence of the leadership relationship. It describes the qualitative social exchange between executive and employee (Walumbwa et al., 2011), which shapes the perceived quality of the relation. The exchange of respect, loyalty, assistance, affection, intimacy, openness, honesty and confidence takes place in that relationship (Graein & Scandura, 1987). Only a social exchange of high quality (Blau, 1964) leads to a personal sense of commitment, gratitude and confidence. Further research regarding relational leadership relations extended the notion of LMX to a socio-economic view. According to studies about the influence of personality factors on the leadership relationship, Bernerth (2005) refers to the exchange relationship which exists both on the social and economic basis. The attitude of personal obligation, generated by social exchange, contrasts with the economic exchange relationship of goods and rewards. The resulting conception of the Leader-Member-Social-Exchange (LMSX) describes the exchange relationship between executive and employee as an acceptance of a good belonging to an involved party to fulfil an unspecified obligation of the other party. Especially the matching of personality traits of executives and employees has a moderating effect. Bernerth (2005) highlights in his personality studies that particularly the executive´s agreeableness moderates the relationship. When the employee´s agreeableness is strong, then LMSX will be evaluated as being higher when the executive´s agreeableness is perceived as being strong, too. In the same way, two more executive personality factors, extraversion and emotional stability, moderate the relation between the employee´s extraversion and emotional stability and the perceived quality of the LMSX.

Management literature also discusses the notion of wisdom used by executives and organizations to handle and even find solutions in change processes. The reference here, however, is to Aristotle's virtues rather than to psychological wisdom research. In the following I am going to present a brief selection of

publications which argue for the necessity of Practical Wisdom in organizational change.

5.1 Practical Wisdom in the context of leadership

With a view to their study results on leadership in change the two Japanese scientists Nonaka and Takeuchi (2011) emphasize that the notion of Practical Wisdom might be the decisive success factor.

> *" […] Practical Wisdom is tacit knowledge acquired from experience that enables people to make prudent judgments and take actions based on the actual situation, guided by values and morals. When leader cultivate such knowledge throughout the organization, they will be able not only to create fresh knowledge but also to make enlightened decisions."* (Nonaka & Takeuchi, 2011, p. 4)

With regard to Artistotle (see Jan Radicke's contribution in this volume) Nonaka and Takeuchi (2011) emphasize that phronesis qualifies managers to determine what is good in a specific situation and what action would be the most suitable to serve the common good. With recourse to the ideas of Japanese society and organizations, the authors point out that the following aspects are essential for organizations: living in harmony with society, having a social purpose in making profits, pursuing the common good as a way of life, having a moral purpose in running a business, and practicing distributed phronesis. As a result, managers need to understand why an organization exists.

> *"No company will survive over the long run if it doesn´t offer value to customers, create a future that rivals can´t, and maintain the common good."* (Nonaka & Takeuchi, 2011, p. 5).

With reference to Aristotle, Intezari and Pauleen (2014) discuss the role of the wise answer in the management as success factor in volatile organizational enviroment: *"[…] we define a ´wise response´ as the embodied individual/organizational practice that brings along a set of moral, epistemic, and practical virtues."* (Intezari & Pauleen, 2014, p. 397) and present their opinions on moral virtue, epistemic virtue and practical virtue.

They argue that moral virtue intrinsically motivates an individual to act in a certain situation only in the pursuit of good. Moral virtues are based on norma-

tive reasoning and dictate what should be done. With reference to Pasupathi and Staudinger (2001) the authors point out that morality must be harmonized at the individual and communal level. In this sense, the authors consider sustainability as one possible manifestation of moral virtue as it involves key stakeholders, the environment and society (Parmar et al., 2010). Epistemic virtues provide us with the desire to gain the knowledge and the truth required for the course of action. In this context Intezari and Pauleen (2014) discuss three essential aspects of epistemic virtues (epistemic responsibility/epistemic consciousness, awareness of the limitations of knowledge and perception, balance between certainty and doubt). A person with epistemic responsibility or rather epistemic consciousness has an intellectual duty. That means, that an epistemically virtuous person *"accepts beliefs that are true, or likely to be true, and reject beliefs that are false, or likely to be false."* (Bonjour 1980, p. 55, quoted in Intezari & Pauleen, 2014, p. 400). Awareness of the limitations of knowledge and perception means that managers and organizations need to regularly question their knowledge, their experiences and the resulting interpretations of the organization environment (Pauleen, Rooney, & Holden, 2010). For the balance between certainty and doubt reflection is imperative. This is considered a "*crucial skill for managers and organizations if they want to respond wisely to business circumstances"* (Intezari & Pauleen,2014, p.401). Practical virtue deals with how knowledge can be put into action to effectively achieve desired goals and it cannot be seen as a simple combination of moral and epistemic virtues. According to the beliefs of the authors *"[w]isdom in management is about […] achieving good ends and being good in achieving the ends."* (ibid.).

McKenna, Rooney and Boal (2009) emphasize that in literature on strategic management *"wisdom is seen as essential for complex decision making, applying knowledge and for welfare reasons."* (p. 178). The authors present wisdom as a set of five principles to be used as a metatheoretical construct. Their principles are based on the philosophy of wisdom, wisdom in organizational studies and wisdom psychology and are presented as five propositions.

Table 2: Wisdom as a set of five principles (McKenna, Rooney & Boal, 2009, pp. 178 - 180)

Proposition 1	Wise leaders use reason and careful observations.
Proposition 2	Wise leaders allow for non-rational and subjective elements when making decisions.
Proposition 3	Wise leaders value humans and virtuous outcomes.
Proposition 4	Wise leaders and their actions are practical and oriented towards everyday life, including work.
Proposition 5	Wise leaders are articulate, understand the aesthetic dimensions of their work, and seek the intrinsic personal and social rewards of contributing to the good of life.

Alammar and Pauleen (2016) criticize the present research of wisdom in management and organizations for being too theoretical. With a narrative research approach, they create a conception of managerial wisdom. The sample includes six senior managers with more than fifteen years of professional experience in a large business in Auckland, New Zealand. The author´s exploratory empirical research on managers´ conceptions of wisdom as management practice show that senior managers have a practical and positive conception of wisdom consisting of four factors: emotional intelligence, experience and knowledge, mentorship and consultation and deliberation. (Alammar & Pauleen, 2016, pp. 555 – 559). The factors emotional intelligence, experience and knowledge can already be found in the five principles drawn up by McKenna, Rooney and Boal (2009). Moreover, Alammar´s and Pauleen´s survey (2016) points out that "[m]entoring described as a constant process of investing time and resources and showing concern for others" (pp. 558) is an additional relevant factor.

At this point I am going to end the search for traces of change relevant approaches and present the synthesis of my reflections on the field of lateral leadership.

6 Implementation of Practical Wisdom in the context of lateral leadership: a psychologically, practically wise recommendation

As stated at the beginning, lateral leadership can be a vehicle for a successful change. However, a successful implementation of leadership without authority requires a fundamental reflection of framework conditions of leadership in the whole organization. As a conclusion, I therefore present the premises which, in my opinion, are necessary for this on the part of the management.

Premise 1: An exemplarily and stringently applied understanding of roles on the part of the management is required.

For a successful implementation of lateral leadership, the management must see itself in the role of the experimenting and innovative collaborator and prepare the medium for organizational change. In this role it should be clarified that the organization – based on Argyris (1999) - is a learning structure in which the management and all employees reflexively process the active environmental factors. The common interaction and communication at eye level enables an identification of the organizational thought patterns which are considered necessary in the conception of lateral leadership (Kühl, 2017). Accompanied and supported by a constructive and learning conducive feedback culture, openness and communication for organizational changes can be developed in this way.

Premise 2: Executive managers need to actively shape and constantly reflect their leadership.

Lateral leadership requires a maximum degree of reflection and flexibility of management behaviour. Currently discussed change- relevant leadership approaches depict a valuable framework for the implementation of lateral leadership: For today's corporate management a mixture of transformational and relational leadership as well as the Leader-Member-Social-Exchange is recommended. Here, the focus is on service provision, self-fulfilment and the promotion of the well-being of others, the organization and society. Employees need to be convinced to accept new values, attitudes and objectives as well as to achieve them. Executive managers need to develop a leadership relationship with their employees which is characterized by consideration of their motiva-

tion, confidence in their skills and commitment to their employees. For the social exchange relationship between the executive and the employees, mutual agreeableness, extraversion and emotional stability are significant for the quality of the reciprocal relationship. Management behaviour always must be questioned and adapted with a view to organization's changing environmental factors.

Premise 3: Executive managers need wise skills.

Lateral leadership is a challenging approach that always evokes potential areas of conflict due to a lack of authority. Research on wise leadership emphasizes that wise executives must have intra-personnel, and cognitive skills combined with social competence.

Premise 4: The executive manager needs to act exemplarily, practically, wisely and promote and strengthen the application of Practical Wisdom in the whole organization by a continuous exchange of experiences at all organizational levels.

The executive manager acts wisely when he/she shows the workforce what is good in a certain situation and what the most suitable action is for the common good. Of course, this must be done in a clear, reasonable manner and be based on experience. Therefore, an understanding of the organization as a learning structure is mandatory for the application of Practical Wisdom and it is based on the executive manager's wise skills.

Premise 5: The executive manager needs to anchor practically wise behaviour in his/her set of values.

Practically wise behaviour should be taught in specific management trainings in a systematically set up program. Here, it is recommended to incorporate the content of the schools of wisdom psychology. The three relevant perspectives are: 1) Wisdom seen as an expert knowledge system concerning the fundamental pragmatics of life. 2) Wisdom as the application of intelligence, creativity, and knowledge to the common good. 3) Wisdom as the special property of a person, and an integration of cognitive, reflective, and affective characteristics. For all three schools and related perspectives, training modules can be set up and developed. Best Practice Examples can be found at Nonaka and Takeuchi (2011, pp. 9-11). Furthermore, interdisciplinary networks of organizations are

recommended to universities as well as to other organizations. Thus, a constant exchange of wisdom-based knowledge and expertise of different professional groups and sectors becomes possible. Based on these implemented premises, the concept of lateral leadership with the addition of applied Practical Wisdom is eventually implemented and lived as a guiding principle in the organization.

By applying all five suggested premises, lateral leadership combined with Practical Wisdom itself changes from an isolated stand-alone implementation into a driving force of organizational change.

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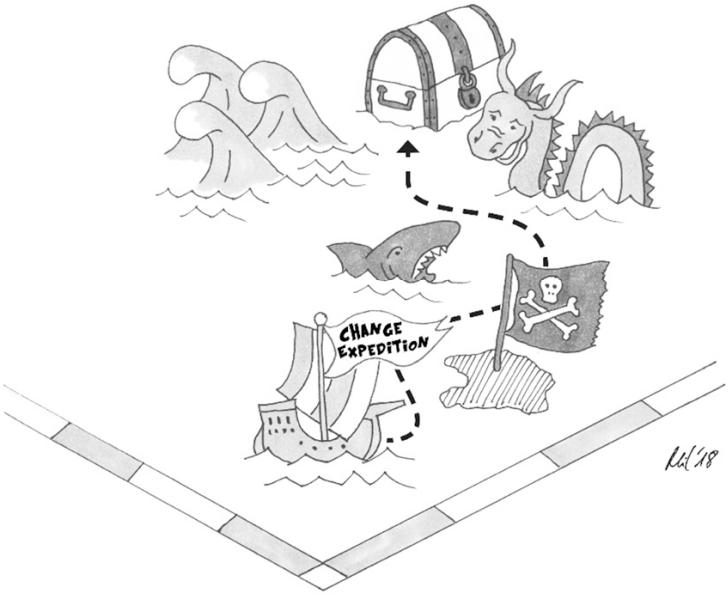
Diversity Management and Practical Wisdom: Organizational Change Success Factors

Frank Ihlenburg



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1 Introduction

Change is natural to humans, their societies, cultures and economies. It is an integral part of existence and it occurs both visibly and invisibly.

The management of change has become a buzzword within organizations across the globe and typing “change management” into your Google search window will result in hundreds of millions of hits.

A plethora of change management trainings and workshops is offered to both private individuals and to business professionals. Each promise to make it easier to master personal and organisational transitions, and given the quantity of offerings, it doesn’t look as if the well of advice will dry up anytime soon.

So why are we still struggling so intensely with organisational changes? What are the main drivers of today's massive company transitions world-wide? The exponential increase in population around the globe has a strong, albeit, indirect influence on most organizational changes, but to reduce complexity, I will focus on three, primary, interrelated drivers of organizational change.

Firstly, due to globalization and the interaction of economies, process flows have multiplied and become increasingly intertwined. The ability of companies to adapt to global processes, to continually improve, to be agile and ever more efficient ultimately determines whether an organization will remain competitive, or if it will be pushed or pulled out of the system flow, and eventually fail.

Secondly, perceived failures (Kunert, 2016) and disappointments with the operation of mainstream economic business philosophies have disoriented and demotivated many employees as well as managers and leads them to ask which of the myriad of approaches is future-proof inspirational, efficacious and resilient in the years to come.

The confusion is also manifested in the impulsive striving for improved agility or creativity using methods such as SCRUM and design thinking. Another indication is the hysterical hype surrounding digitalization or Industry 4.0, with everyone abandoning Industry 3.0, 2.0 and 1.0 in order to jump onto the latest bandwagon. These approaches have been heralded as “saviours” and even

organizational visions; which they most definitely are not. Rather, they are potentially powerful and innovative tools and methods that can only be applied effectively and constructively in the long run when a clear and well-thought-out overall company vision/orientation is in place.

Thirdly, and most prominent, are technology-driven IT developments which have shaken even the most laid-back organisations to their very foundations. These include the rapid global expansion of the world wide web, ever-increasing broadband width, ubiquitous access to the web, new and efficient data storage systems, emerging analysis and deduction technologies, and the growing standardization of hardware and software. All of these have contributed to new and revolutionary business models which have paved the way for competitive and often disruptive start-ups offering, for example, self-steering transportation of persons and goods, electro-autos, new banking models, and cryptocurrencies featuring blockchains or bitcoins. Sophisticated artificial intelligence now supports high-end robots, enabling them to simulate and respond to human emotions. Smart homes, smart energy, smart grids, smart watches, smart mobility and so on all offer enormous opportunities for entrepreneurs and society (Landy & Conte, 2012; Cribb, 2016). But at the same time, they represent substantial threats to data security and have already given considerable headaches to traditional industry leaders who are still pursuing rather conservative business models.

2 Organizational changes are (all) about people

Limiting the speed of adoption for revolutionary, disruptive, often exciting and promising new digitally-based technologies, methodologies and corresponding new business opportunities in almost all industries is the human factor.

All previous technological leaps, such as in the metallurgical and material sciences as well as in the fields of chemistry, biology, pharmacy, engineering and physics have led to new global industries and revolutionary technologies (letter printing, electricity, powerful explosives, new medicines, resilient plant seeds, etc.), and have changed our lives considerably and irreversibly. However, until now these innovative developments have for the most part been geographically

limited and / or introduced at a speed that could be at handled by those directly or indirectly affected. Often the further implications and co-relationships of new technologies (e.g. the use of nuclear technologies for medical applications, weapons of mass destruction or energy-producing power plants) could be anticipated and hence were not too startling.

But perhaps for the first time in human history the speed of technological and business developments and progress taking place on a global scale has far exceeded the maximum speed of our capacity to cope (see Brynjolfsson & McAfee, 2014; Hirsch-Kreinsen & ten Hompel, 2015). The consequences are a growing resistance to change, the falling back into old patterns of behaviour, and an increase in mental illnesses in industrialised countries. This in turn has led to divisiveness within societies, communities and organizations as industrialised countries, modern communities and global economic players advance technically and economically and less potent competitors lag ever further behind. In developed and economically emerging societies young digital natives have started to disconnect from elderly, "analogue" generations that are slow to adapt to the digital world.

In all industrialised countries alone, countless millions of tasks currently being performed by employees and managers are at risk of being transferred to digital technologies and robotics. These employees and managers will need to be substantially requalified in the years to come. For one thing, they will need to acquire appropriate functional, methodological and social skills to cope with heightened demands for "agility", shifts toward lateral leadership and the need to align their work with heterogeneous and culturally diverse teams. In addition, ethical and cultural awareness, self-reflection and failure-based management skills will be crucial for navigating the stormy seas of change. Above all, basic knowledge of organizational and personality psychology and how to treat people with respect and dignity will help managers and organizations to better cope with the challenges that lie ahead.

3 Organizational changes are “meandering”

The following, simplified change curve illustrates the typical change processes that personnel in organizations undergo. Please keep in mind that normally the most effective change impulses are external to the organization; e.g. the fear of losing one’s job, the prospect of having to relocate the workplace to another city, the onboarding of new managers or other stakeholders, a proposed merger or acquisition with an unknown company or financial investor, or the implementation of unfamiliar technologies and methods.

Typically, within the first few weeks after a new external impulse is given to an organization, employees and managers are energized by the hope of improvements in working conditions or other positive developments or the opportunity to relieve crippling organizational stagnancy, to give just two examples.

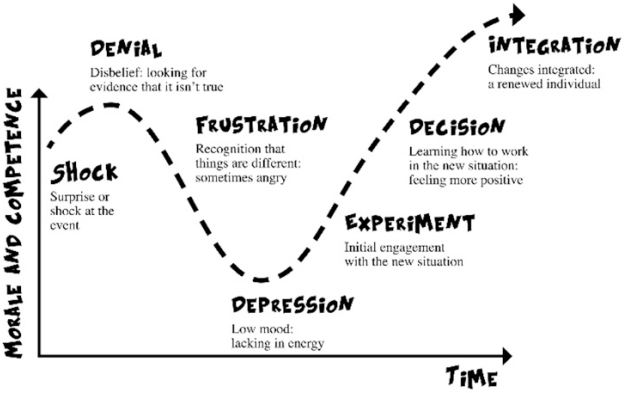

Figure 1: Illustration of the Kübler-Ross change curve (based on Kübler-Ross, 1969; see also Mayr, 2011)

However, the promising uplift is usually short-lived. After becoming aware of the scope of the new endeavours, energy-depleting fears, both rational and irrational, begin to surface. This is accompanied by a tendency to blame others for any discomfort or perceived threats during the transformation process. Rumours abound and emerging self-doubt and diminishing self-confidence sap

even more psychic energy out of the organization. There is a growing weariness, and a sense of resignation amongst individuals, groups and total departments. Typically, most questions raised in this phase begin with the word, "Why?" Burnout and other mental illnesses may occur sporadically amongst employees and managers. This chaotic phase of destructive energy leakages and growing resistance to change amongst the staff can last up to several months, and sometimes even years if not properly dealt with. Looking back at my own change programs, these chaos phases were unavoidable. Chaos seems genuinely to belong to every change process, but it can be managed by combining Practical Wisdom (see Radicke, chapter 1) with diversity when forming change teams. This will shorten the chaos phase and reduce the unnecessary expenditure of energy. I will come back to the dynamics of sound Diversity Management later in this essay.

However, at some point people rationally accept that change is inevitable and unavoidable. The moment of acceptance is analogous to a ship weighing anchor and setting sail as it leaves the security of its home port…forever. Despite a lingering sadness, energy starts to flow, and individuals begin to focus on what has to be done instead of asking why change has to happen at all. The more positive the initial results and rational understanding of the logic behind the change, the greater the individual commitment (Jaros, 2010), and acceptance on an emotional level gives added impetus toward accomplishing the change. Change planners must reckon with a period of between three and seven years for the change to be understood and accepted both rationally and emotionally. And therein lies the rub. Today's digital changes can technical take place within days or weeks, whilst due to deeply embedded and natural psychological reactions, the ability of managers to accommodate these changes lags behind. Accordingly, the success of organizational change in taking advantage of digital opportunities is more dependent on human than technical factors. This is particularly true of well-established industries with entrenched patterns of behaviour, process-oriented cultures and with established, fully-functioning teams.

4 Organizational changes = Managing soft facts

In a nutshell, the main hurdles to gaining acceptance for today's speedy technology-driven changes are the so-called "soft" factors, e.g. irrational fears, hidden resistances, old patterns of behaviours, well entrenched beliefs, informal hierarchies, cultural norms, informal power networks and sacred cows.

When these factors are overlooked, as is too often the case, the failure rates of organizational change increase significantly.

According to numerous studies (e.g. Kotter, 2007; Ewenstein, Smith & Sologar, 2015; Dievernich, Tokarski & Gong, 2015; Robert Half Management Resources, 2016) more than two thirds of all change endeavours do not attain their objectives. Root causes include unrealistic expectations, unexpectedly strong resistance to change, and the backsliding to old patterns of behaviour by key personnel within the organization, to name three. Methodological shortcomings, i.e. bad project management and related failures typically rank lower.

My own personal experience bears this out. Change planning is still focused on hard facts, i.e. numbers, data and figures, Well thought-out analyses of soft factors such as the willingness and ability to accept change amongst managers and employees, intensive communication planning and the creation of qualification concepts for the coming change expedition are frequently ignored or executed half-heartedly. These unrealistic time, costs and measurement packages result in disappointing if not fatal consequences; namely, frustrated change teams and demotivated and destabilized organizations.

Often, the projected cost savings based on the anticipated optimization of processes and technologies are offset, or even exceeded, by the unexpectedly high costs of devastated corporate cultures and the paralysis and irritation of employees as well as managers at all levels within the organization.

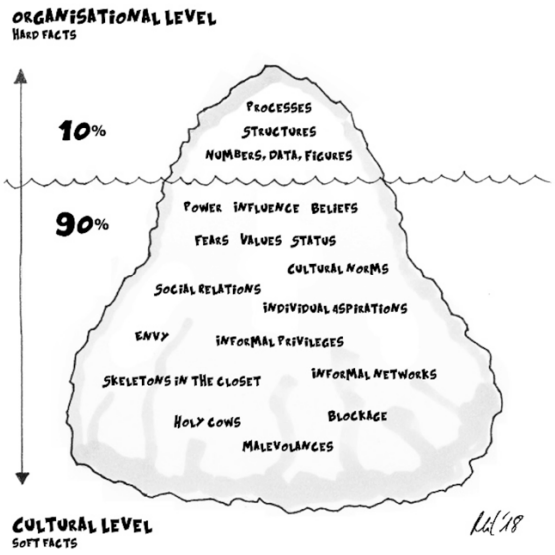

Figure 2: Iceberg – Influence of organizational and cultural factors on change processes (based on Hall, 1976)

5 Organizational changes need Practical Wisdom

Personal experience with international and national companies has shown that the difference between success and failure in managing change depends heavily on the degree of attention change managers pay to the attitudes, beliefs and abilities of those persons directly involved in the organizational change itself. To identify and sustainably master irrational fears throughout the change curve which can last many months and even years represent a major challenge. This is particularly true in countries like France and Germany where strong employee involvement is both a cultural and legal requirement.

There is no doubt that digital technologies will revolutionize today's working environment. Already over 90% of industrial processes in industrialized countries already rely on digitalized technologies, and the ability to access relevant data from virtually anywhere and at any time will quickly lead to new, often

disruptive business models and processes in all global industries; from automobile manufacturing and financial services to health care, as well as governmental processes. All areas of life will be connected via the worldwide web.

The advent of new technologies accelerated industrial developments. The first industrial revolution, i.e. industry 1.0, which started more than 300 years ago in England with the introduction of steam engine and then subsequent developments, including the harnessing of electricity, rapidly changed the economic and political landscape on a global scale.

Industry 2.0 was marked by Henry Ford's introduction of standardized production processes in the automobile industry just prior to the start of the first world war. Instead of workers and craftsman having to master diverse and complex skill sets, they could focus on a very limited number of manual activities, which led to an enormous increase in productivity. Some 50 years later, in the 1970's programmable machinery, computers and robots further revolutionized the world of work. Since then, many jobs in production and administration were successfully substituted by semi and fully automated processes, now referred to as Industry 3.0. In the early 1990's the Clinton administration concentrated economic research and development on new network technologies and created global standards for network hardware and software. Today, we speak of industry 4.0, the so-called "Internet of Things" (IoT) (Mattern & Flörkemeier, 2010) which includes self-driving cars, remotely-controlled household devices, interconnected mobile and stationary devices, the collection and aggregation of previously inconceivable amounts of personal data (Big Data), which make it possible to customize communication on the basis of distinct personal profiles which can be retrieved in micro-seconds and even to anticipate future needs and behaviours. The efficacy of data obtained from social media platforms such as Twitter, Facebook and Instagram were successfully used to target voters in the UK (Brexit 2016) and in the USA (Election 2017) (see Christine Boven in this volume).

The mantra, "everything is connected" is becoming a reality; albeit with mixed results. When considering the benefits derived from a digitally connected world, such as more efficient processes across the wide spectrum of industry,

more rapid knowledge exchange, global multimedia collaboration, improved resource management and medical supervision, one must also think about and anticipate the pitfalls. These could be, for instance, the effects of an over-dependency on the reliability and perceived invincibility of technology. Imagine if the Carrington incident of 1859 when solar flares and geomagnetic storms led to worldwide power outages were to have taken place in today's electrified world. More recently, there were outages throughout New York in 2012 caused by hurricane Sandy. Kevin Mitnick demonstrated that hackers could access nuclear rockets and there was also the cyberattacks on military and financial networks, code-named Titan Rain by the FBI. Even if technology can be secured and safeguarded by elaborate fire walls, for example, human beings still represent the weakest link in overall network and data security. In addition, the increasing ability to harvest and collate data and the breath-taking speed of change has led to growing fears to fall behind on the part of employees as well as managers. Artificial intelligence-based computers can already play better chess and "Go" than the most talented human players. Robots of the future may even defeat the best human soccer teams. The robot utopias and dystopias of Isaac Asimov and Gene Roddenberry could soon become a reality. Machines can learn faster than humans, they share knowledge and experiences among themselves automatically and in real time. Will employees be able to maintain their organizational "dignity" and meaning in the face of superior machines and digital intelligence?

Today, many individuals and organizations fear not being able to cope with fast-paced technological advances and therefore fear the loss of social status to younger, digital natives. To what extent can humans keep pace with and, more importantly, control the digital surge? Agility (see Fishleigh, 2017) has become the new buzzword in business, but agility without direction can result in both a waste of resources and chaotic, pointless and blind actions.

Still the current global digitalisation hype and its tantalizing promises often leads to a sequence of bold, blind actions and the suppression of concerns about negative implications. Outside Germany, criticism is sometimes disparagingly referred to as "German Angst". Even a German political party bluntly pro-

moted “digitalization first, concerns second” on their general election poster in autumn 2017. Maybe technical digitalization and related thoughtfulness, attentiveness and planning should be seen as a unity, or as a system, or at least be treated equally in order to sustainably and universally benefit from vast technological opportunities by anticipating and avoiding the perils inherent in them.

Today, digitalization seems to be more of a threat-based push than a change-driven pull for many companies that are still staggering on the brink of entering the digitalisation age. Century-old business models, like e.g. the entrenched, slow moving and process-oriented utility companies or car manufacturers start to compete with young, agile and hungry global IT companies and pioneers to provide private homes and autos with smart appliances and / or even newer disruptive technologies. Old and new generations of companies and employees seem to become more and more marginalized in today's digital age. The digital natives culture appears to be significantly different from that of digital immigrants, i.e. people born after respectively before 1980.

6 Change is management of diversity … as well

As already mentioned, a consequence of today’s all-encompassing organizational change programs is that a multitude of functional, methodological and personality and social skills must be intelligently connected, continuously harmonized and attentively led over a long period of time.

As previously noted, no individual possesses all the leadership and management skills required to master complex change. Hence, teams are needed to cope with the demands of change and it then follows that the ability to manage team diversity is an essential ingredient for successful and sustainable transformations.

This is because the thoughtful orchestration of required multidivergent skills and personalities in organizational change programs along with the need to intelligently combine future and systemic thinking and acting, resilient, mutual professional trust is a further key change requirement, particularly since all team members will vary not only in their skill-sets but also in their personalities patterns.

Figure 3: Change Competences Chest (own illustration, see also Szebel, 2015, pp. 41 - 48)

7 Change lessons learned from the past

The complexity of organisational requirements on the one hand, and the perceived need for rapid industrial developments, agility, and the lack of predictability and stability on the other hand, require certain human skills that might have been, at least partly, successfully applied in the past.

Despite being strongly induced by digital technologies, today's change programs are not unlike expeditions of the past, when pioneers and adventurers set out into a sea of uncertainty with strong and inspiring visions to discover, explore and conquer. Today’s change managers might learn valuable lessons from the leaders of historical expeditions about how to effectively deal with fears, hopes, beliefs and how to balance expectation with realism.

Ernest Shackleton (Shackleton, 2016) , the British polar explorer, can serve as a role model for excellent leadership in extreme circumstances. In 1922 Ashley Cherry-Garrard, one of Shackleton's contemporaries, created a famous saying:

> *"For a joint scientific and geographical piece of organization, give me Scott; for a Winter Journey, Wilson; for a dash to the Pole and nothing else, Amundsen: and if I am in the devil of a hole and want to get out of it, give me Shackleton every time (…)" (Cherry-Garrard, 1922, p. viii).*

What kind of circumstances faced Shackleton and his team that are comparable to today's challenging change management conditions? Shackleton participated in several challenging polar expeditions in the early 20th century; amongst others, with Robert Falcon Scott, before he dedicated himself to a new strong vision: crossing Antarctica from sea to sea, via the pole. All hell broke loose during this expedition.

The ship became stuck in an icepack. It was a desperate situation for the men. Surviving in a hostile, bitter cold environment hundreds of miles away from any human settlement seemed like a "mission impossible". While the men watched their ship, (ironically named, "Endurance"), being slowly crushed by the ice, new survival strategies were urgently needed. Against all odds, Shackleton and his diversely skilled, weather-proof team survived a stormy journey of over 700 nautical miles in small lifeboats before they found rescue and shelter. Excellent leadership by Shackleton, well-thought out creative survival strategies, determined decision-making, aligned team work, sound communication, self-confidence and mental strength were critical for their survival.

Successful expedition teams exhibit three main characteristics.

First, many famous expedition leaders and their teams were of unusual character and were mostly non-conformists. Their biographies often reveal life challenges at an early age that required creative survival strategies and teamwork.

Second, they possessed a strong sense of curiosity, determination, resilience and a willingness to learn. Today, this would be called, "agile". They remained focused on their goals but showed a remarkable ability to creatively adjust their strategies toward achieving their them, as necessary.

Third, charisma, self-confidence, and above all, a clear vision that sustainably inspired others to follow…voluntarily.

8 Conclusion: Sound change management = f (managing diversity, Practical Wisdom)

In my opinion two success-critical factors must be conjoined for managing contemporary organizational changes:

1. mastering intrinsic program instabilities and strategic insecurities based on manifold unpredict abilities, and above all
2. coping with human irrationalities and fears during the long overall change process.

A clear, deliberately strong and attractive change vision with realistic goals (see Lee, Locke & Latham, 1989; Locke & Latham, 1994) and objectives at least helps to maintain a general orientation and direction of the change team on the challenging, sometimes threatening and generally rocky path toward change. Even well-thought-out planning frequently requires bold and determined adjustments or even fundamental changes of plans when theoretical assumptions are undermined by unexpected realities.

Thus, to be prepared to respond to unanticipated changes (expedition) teams require a broad and diverse set of functional and methodical skills as well as appropriate personality types and a broad range of social skills. The quality management of such a wide span of diverse traits when placed for months or even years under extreme and mentally demanding conditions will ultimately determine whether the ship founders in the stormy seas of change or safely arrives at its destination. Experience and knowledge of all organizational fields coupled with an intuitive genius for leadership will help to ensure the likelihood of success in organizations forced to undergo change. Decision making based on mutual trust, determination and systemic and strategic intelligence, often under serious time constraints, further characterize high performing change teams.

In my view, the application of Practical Wisdom and sound Diversity Management can significantly reduce the high failure rates of global change programs and serve as enablers for today's increasingly complex organizational transformations.

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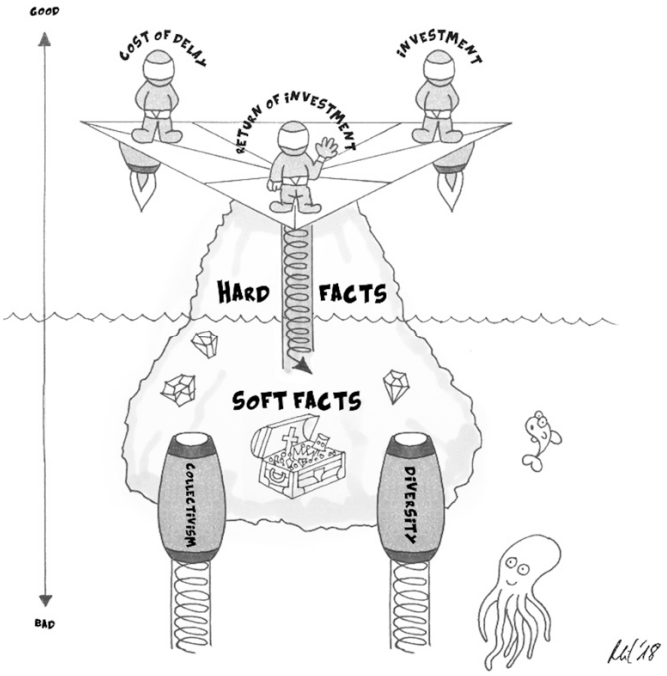
Adding Value to Project Management – The Magic Triangle Meets the "Cultural" Iceberg

Rüdiger Kloss



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1 Introduction

At the beginning of 1999, I was asked to take over an investment project for a large turbomachinery train in the south of England. The client, a well-known petrochemical company, announced to have found the philosopher's stone. They purported to be using the best quality assurance system for project execution, which they established as a unique control instrument. To me, the whole thing looked more like a fortress of administrative quality (Q) work and did not seem to support the project. The project goal became more and more fuzzy and unimportant. The "Q" measures used by the company consisted of huge amount of data on processes which, as the company said, made it possible to trace back the complete quality history to find the root cause of mistakes. This time-consuming data collecting and recording left little time for the actual project progress and, among other things, the company completely forgot to include an old steam pipe in the plant in their project risk assessment and quality survey.

Needless to say, that the whole job ended up in a great disaster. However, from the comprehensive ex post review and root cause analysis of this costly project failure my team and I gained relevant insights that might help maximise the success rate of future projects. In the following, I would like to share some of my findings.

2 From conventional project management methods to the flow approach of investment projects

Clearly, many factors play a part in successful project management. In the following some of them are explained in a little more detail.

Clear target focus

In investment projects the contractually agreed delivery at a stipulated date (OTD – On Time Delivery) should not be the primary objective. When asked what the actual goal is, the first impulse is to say that it is the start of production or, when it comes to power plants, the first fire. Between this goal and the OTD there are often long periods of time (months or even years) which comprise the

interim phases of transport, assembly, commissioning as well as process optimization. Even if delivery according to the contract may not always be met for all components, it is useful to check the actual requirement date on site. Formal contracts are often opposed to the real goal, i.e. the punctual production or delivery start. This is why you need to consider the question of what is really important.

Quality

Ordered and established processes are the cornerstones of quality. However, the impression that it is sufficient to institutionalize quality is deceiving. Of course, the quality department of a company is responsible for the monitoring of and compliance with quality requirements, but in an enterprise that understands quality as a main feature, every employee has a responsibility for quality. An engineering company from the Middle East hits the nail on the head by saying: QualitY starts with Q and ends with **Y**ou. The more an employee knows about the goals toward which he/she works, the better the results and the quality.

Customer orientation

Customer orientation shows when it is the customer and not the product that returns to the company. The skill is to find out the true intentions and wishes of the negotiation partner. It can be something like the preparation of an expedition where one needs to draw up a map showing the different signals coming from the partner. In the end, this map will lead the way to a successful negotiation. The appropriate identification of the customer's wishes combined with the consideration of cultural aspects have proved to be successful elements in negotiations.

Trust

Trust needs to be nurtured and it takes time to build it up in a sustainable manner. This treasure can easily be destroyed by imprudence or thoughtlessness. Trust is the glue that holds a team together and whose cohesive affect allows autarky at the same time. In the dialogue with the customer, trust is a stabiliz-

ing element in highly critical project phases and largely contributes to a successful completion.

In more than 25 years of business relationships in distribution and project management, I learnt that trust is not a cultural matter, but that it is a growing connection in the relationship of different personalities. It is a journey which starts with a deep-dive into the personality of the partner.

Having established key factors of project management, in the following, we are going to have a look at characteristics of procedural and process models in project management as well as at the added value of a smart combination of soft skills and hard project management facts.

2.1 Demanding complexity

Since the time I started working in project management, investment projects have become more and more complex This is due to larger scope and the great burden placed on companies by national, legal, and environmental regulations. Currently, the tendency in world-wide project management is toward large-scale multi-projects and agile management methods.

The complexity of projects calls for cutting them into fine slices in order to obtain a multi-view image and admitting more “creative” dynamic method approaches. One important lesson learnt when it comes to the multiple character of project programs and portfolios is the following: Multi-project management needs first and foremost a well-established process for single projects. Each project needs equally much attention and the companies must establish a proper project management model or method.

Once the single-project management process is in place, it can be applied to the programs (i.e. projects interdependently focusing on a common program goal, and which have a predetermined, fixed time frame) and portfolios (i.e. projects which belong to one organisation, are not necessarily interdependent, and is not limited to a certain time frame) by opening and offers a sound basis for handling multiple projects. Figure 1 shows that air traffic control is a suitable

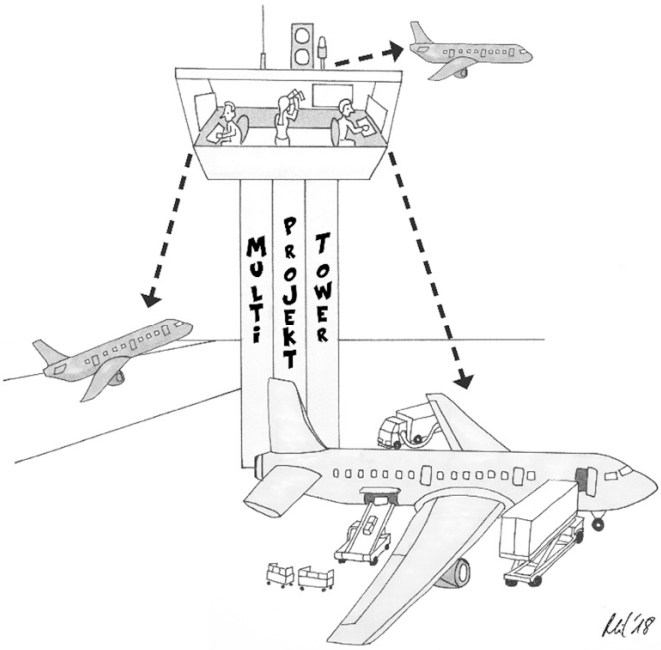

Figure 1: Multi-project status illustrated by the example of traffic control (own design)

metaphor for multi-project management: the system deals with single "project" aircraft both on the ground and in the air.

At this point we need to ask the question of where in the project management process is time left for the most important resource – the employee, the team member?

2.2 The agile approach and multi-project management - Force fit – fitter than before?

A force fit, which allows a more creative project approach and the makes use of individual contributions of team members i.e. their experience, is conducive to agile methods such as Scrum (Pries & Quigley, 2011) which has also been intro-

duced to investment projects. One requirement for its success is that the nature of the project and the stakeholder attitude are suitable for this approach. Unfortunately, the agile philosophy has now turned into a new universal approach in human resources.

Indeed, methods like Scrum extend the basis of single-project management process models and permits more individual experience contribution via sprint planning and breaking down ideas into smaller so-called user blogs. The ideas presented in these blogs are discussed and either accepted and applied or discarded.

In simple terms, multi-project management still deals with portfolios and programs and we can stay with the above-mentioned metaphor of flight traffic control of good single aircraft, i.e. projects. These days, the project management community has been supplied with a whole bunch of methods facilitating a good handling of projects at all times.

2.3 The secret of diversity in projects

Globalisation has been a trailblazer for investment projects and in particular for decentralized, project organizations operating world-wide. It provides opportunities for the founding and development of organizations with predominantly local employees and project team members and opens a new dimension of and for the organization of project teams and represents a chance for cultural diversity. In my experience, diversity is valuable and positively contributes to project results and innovation, regardless of the project process methods that are being applied. Heterogeneous teams, characterised by diversity of culture and education come up with better and more successful solutions than homogenous teams (see the contribution of Petia Genkova in this volume). It is obvious that the shared set of attributes of a heterogenous team provides more scope for experience and variability, but it needs to be controlled properly by the project manager. The biggest obstacle is the growing complexity of this “diverse environment”, which demands the presence of unconscious bias. This concept helps us to break down the nature of a complex world to a manageable level. Unconscious bias enables us to reduce the complexity by using prejudices and stereo-

typed thinking or compartmentalisation as well as by building of interior barriers. This creates an interior world in which there is a positive programming so that whatever happens can be handled and we can learn something.

Quite clearly, Diversity Management requires the development of an integral long-term attitude-/behaviour of every member of an organization. It is based on the move from mainstream to "change stream". This also means that it is mandatory to train project teams in focussing on cultural aspects, such as common values, agreed rules, deliberate leadership, and aligned attitudes.

The personal diverse agility of a person can be measured by his/her ability to extend and "jump" in between the "valence shells" of diversity within his/her team. The diverse capabilities of various nations as well as the different generations in the sense of a forest made up of small young firs and large old oak trees, shall result in the ability of integration, networking, and being open for new ideas. With its vast scope, diversity can be found in the submerged part of Edgar Schein's model of organizational culture. Schein, Sloan Professor Emeritus for Psychology and Management has worked extensively on organizational culture and management (see Schein, 1985).

Apart from the diversity aspects, it is also worth studying the role of leadership for project managers. Based on the financial project volume, the type of investment or change project, the time aspects as well as the type of company organization, the so-called matrix organization prevails. This means that the team members are "borrowed" for the duration of the project lead time, while the project manager does not have any responsibility for personnel, but is in charge of the project and the determined objectives. This type of leadership is called lateral leadership, which Martina Stangel-Meseke is going to explore in more detail in her contribution to this volume.

3 Lessons learnt or Lessons Lost?

3.1 The method and the employee

"Lessons Learnt" has become a method in projects which demand examination and retrospection. This is especially the case when there are deviations from

the prescribed path, unexpected negative results and project goals which were not achieved. Lessons Learnt is suitable for de-escalation and for closing projects. The demand for this kind of support is satisfied by a large variety of reports and computer-assisted data collection tools. Lessons Learnt can be differentiated into several degrees of maturity: Lessons Demand Detected, Lessons Documented, Lessons Presented, Lessons Accepted, and lastly, Lessons Converted. In many projects I found only the level "Lessons Presented", which means that the result was more a lesson "lost" than learnt. To my mind and from my experience, it actually must be Lessons Converted, i.e. what we have learnt from mistakes must be understood and subsequently implemented in the project.

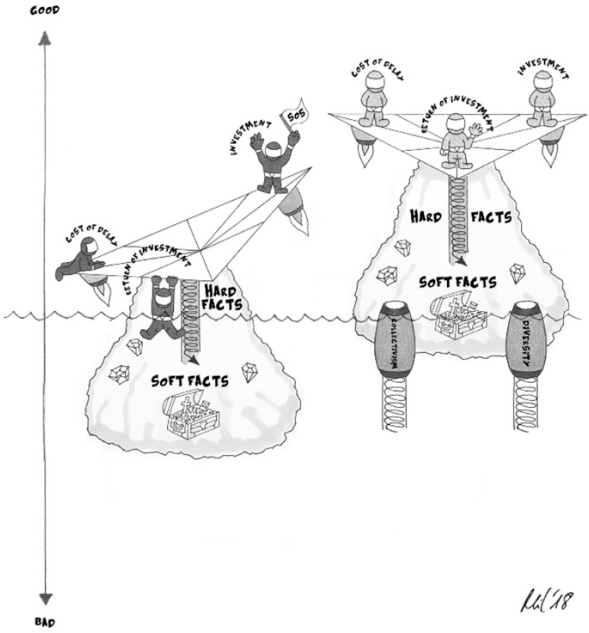

Figure 2: Project management triangle meets Edgar Schein´s iceberg model (own design)

This means that if the employee and his knowledge shall be the highest value and the key capital of a company, a reasonable effect of this must be Lessons Converted. It is in the company's interest, to keep the number of dump lessons to a minimum and to invest in judging and transferring the content of lessons learned to necessary organizational or procedural changes. At the same time, job descriptions need to be adapted according to the respective demands, employee competencies and responsibilities.

3.2 The project management triangle

A classical element in the world of process management is the magic triangle, aka project management triangle.

In the corners there are the features costs, deadlines and performance, and the triangle is a navigation device that enables the project manager to keep the control of the project and to steer it.

Example: If the scope of supply/delivery is changed due to additional demand, the influence as well as the increase in costs and time needs to be checked after the contract has been reviewed.

If the customer wants to shorten the delivery time by special measures, the project manager is obliged to analyse the critical path and the possibilities to shorten delivery time as well as assess changes to the existing scope of supply. In addition, the project manager has to assess the increase in resources and the higher overall costs accrued by the desired express delivery.

In this context, the path of a demanded cost decrease is also an interesting one. In this case, the project manager is forced to analyse the opposed characteristics delivery time and delivery scope as well as the needed resources with regard to the cost potential. One example could be the alternative sourcing of budget-relevant components close to the installation site. The saved time can then be used to adjust the contract to the new requirements.

The mission of project management is: The goal is to continuously check the magic triangle to see if it is in a balanced position. Thus far about the classic approach.

The project management “triangle” appears as the link and basis of the whole project management business. Historically it describes the fragile and sensitive balance between three constraints: time, scope, and cost. I fully agree to the approach of John Ferguson Smart and Jan Molak who postulate that “The Project Management Triangle must die” (Molak , 2016, 16 April) and that the bureaucratic and invariably short-sighted cost, scope, time “corners” must be replaced by a new constraint of investment, return of investment and cost of delay. The reasonable questions behind this constraint are:

Investment

Rather than asking what an “add on” would cost, one should consider what the investment of deliverables is going to contribute to the whole project. In the case of investment projects, we shall follow the philosophy designed for customized engineering. This may also help to assign the scope in the final quoting phase in order to detail and adjust it depending on the client’s wishes and needs.

Return on investment

Generally, the scope of a project should be determined in such a way that there is a clear understanding of what has been agreed upon as far as the necessary work is concerned. However, it is common practice that the project outcome is “frozen” or fixed at the beginning and as the project proceeds the so-called scope creep leads to corrections and diversions so that one can achieve what the client originally expected. As a matter of fact, it does not really count what has to be delivered but the focus is more on how features may be added in order to add value to the product. It seems to be a tried and tested tradition to adjust and align via change orders, change variations or claims. This means that while the customer thinks that his contract is “waterproof” and contains all necessary details, the supplier adjusts it so as to make the project work properly, i.e. items are added or deleted without discussing this with the client.

Costs of delay

What counts? As stipulated by commercial deadlines and liquidated damages the project manager always tries to supply the deliverables on time as has been agreed in the contract. In reality, only some features need to be available or delivered at deadline. Hence, it is better to ask what the consequences or costs would be if the delivery is delayed, i.e. the deadlines are not met. It may well be that the clear separation of technical and commercial aspects prohibits a clear and reasonable commitment to the proper granular time requirements of the project. The fairest and most efficient way to deal with this is to fix time order deliverables, be it documents, modules, services, or components, for all contractual parties alike. This helps to clarify the concept of "delivery time" and shows the true critical points in the project process. It us be said that, even this newly defined project management Triangle still requires the creative skills of the project management team whose task it is to keep the stress equally balanced between the elements of the triangle. To get out of this original imbalance and to seek more stabilizing measures, we may need a third dimension to diminish the interdependencies of/between cost / investment; scope / return of investment and time / cost of delay. A determined dive below the waterline, embracing all soft facts, might open up new perspectives of the submerged part of the above mentioned iceberg model of Edgar Schein, and make us see the above-mentioned interdependencies. It may also reveal a link between the project management Triangle and the iceberg model.

4 The cultural model

With his cultural model, Edgar Schein (1985) depicted the line between the visible and invisible. At the top of Schein's pyramid we find artefacts and behaviours which are to some extent tangible and can be observed. At the next level, there are beliefs and values, which can be elicited by means of interviews and questionnaires. This means that they can be understood, but are not tangible. Basic assumptions which need to be interpreted constitute the bottom of the pyramid. Often, Schein's model is depicted as an onion with different layers or an iceberg with 10 % visible on the surface and 90 % below the waterline. The

often used “analogy of *culture* as an iceberg” (Lustig & Koester, 2013, p. 20) stems from Edward T. Hall (1977) While the hard facts can be seen above the surface, the soft facts are submerged below the surface (see the image on the cover page of this chapter).

4.1 The pivoting: Merging the project management triangle with the iceberg principles

The treasure or most valuable features of the iceberg can be found below the surface. By learning and increasing personal awareness, however, it is possible to lift some of these features on to the known and visible part above the surface. This means that the 10:90% ratio changes to a 60:40 % ratio. This means that the learning process has a buoyancy effect and we can identify diversity to play the largest role in this context.

In chapter 2.1 “The Project Management Triangle”, the demand for a third dimension was formulated. If you combine the iceberg model with the project management Triangle by pivoting the triangle with the iceberg’s tip in the centre of gravity (CoG), the result is a combination of the two models to form a new common dimension. This means that the more diversity skills project teams gain, the greater the buoyancy effect, i.e. the lifting of the iceberg. In project management terms this means: better project results with regard to investment, return on investment, and cost of delay.

Figure 3 shows this effect. From now on, we are going to consider the third dimension, i.e. the human factor and diversity. The more you understand your customer, know about his or her culture and ways of thinking and constraints resulting from it, the better you can serve him, the better the result you achieve and the better the buoyancy support. In Frank Ihlenburg´s contribution to this volume this idea is going to be developed further.

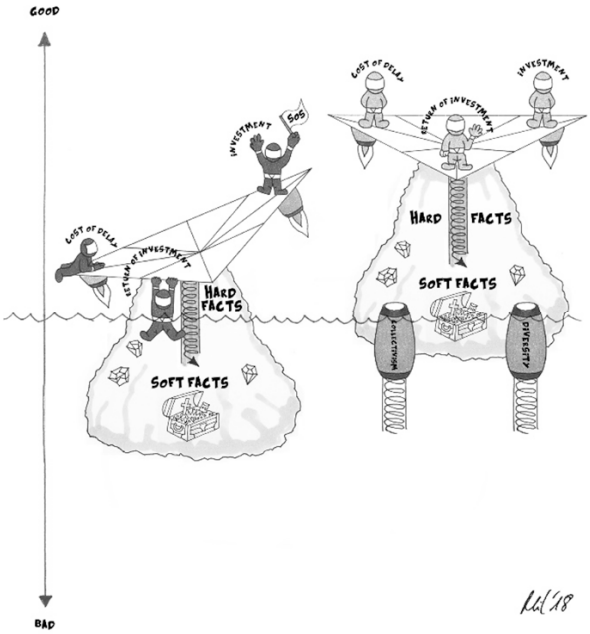

Figure 3: The buoyancy effect of Practical Wisdom on the project management triangle (own design)

5 Summary

"No matter how much you pull at it, the tablecloth is always too short!" This proverb has been passed on from one generation the next for a long time. Transferred to project management it means the following: The first and foremost objective is to position the project management Triangle in such a way that the centre of gravity, i.e. the overall optimum of the company's investment projects, is supported by the peak of the iceberg. This balance can be further improved by, for instance, a focus on relationships and an awareness of diversity. This means, to take a deep dive below the surface toward human relationships, beliefs, cultural aspects. All of these will be enable us to see the real intentions behind personal interactions and attitudes of our counterparts in busi-

ness. In practice, project goals of investment can be boosted, return on investment increased and cost of delay turned to zero. In essence, understanding and managing diversity is what I call applying Practical Wisdom to project management.

To go back to the very beginning of this chapter: The project with the "lighthouse Q-Steering measure" turned into a failure, mainly due to the nature of the chosen Q-measures. The human factor had been quite clearly neglected, if not suppressed, in this project. Furthermore, the maximum level the "administrative fortress" could help bring the project to was merely lessons documented.

New project management methods and lessons learned measures are valuable, indispensable and an absolute requirement for internal and external company standards and principles. The major focus must remain on converting the lessons pursued.

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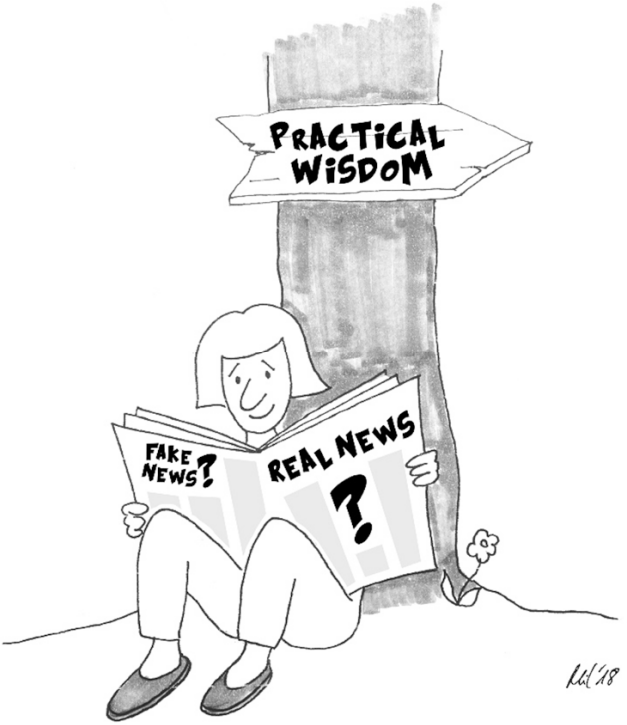
How Practical Wisdom Can Save the Journalistic Ideal

Christine Boven



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1 Practical Wisdom and the Journalistic Ideal

Our environment, both organisational and social, is characterised by uncertainty and change. It is becoming more and more difficult to navigate through the enormous amount of information at our disposal, and we need strategies to establish and understand how we know what we know and how we can verify what we learn.

Journalists and scientists are two traditional providers of information. Whereas scientists are sources of theoretical and applied knowledge, journalists are committed to finding and reporting facts, which Norman Sims refers to as the "obvious and verifiable cornerstone[s] of journalism in this century" (Sims, 2008, p. xiii). Elisabeth Klaus, professor for communication sciences, posits that journalists add value not by merely reporting facts, but by arranging them in ways that contribute to understanding. "Facts are the raw material that needs to be arranged or designed by journalists so that the knowledge people have of the world they live in is increased" (Klaus, 2004, p. 110 – quote translated from German by the author).

Most serious journalists are probably not aware that the processes they employ to gather and interpret facts are based on Aristotelian thought virtues; i.e., a theoretical understanding of the world about them (epistêmê), mastery of the journalistic craft (techné) and insights gained through practical experience (phronēsis) supported by a moral code that prizes truthfulness and integrity.

Yet despite the emphasis on factual information, the reality is that there is no such thing as completely objective reporting. Journalists select their stories and sources and they decide how they present their findings and in which context they are understood and reported. As Carolin Emcke, renowned German journalist, author and publicist put it, journalists "create or correct asymmetries of visibility, [they] don't just depict but [they] are decision makers of what is an image, what is typical and what is not" (Emcke, 2018, p. 5). This, however, does not make the information less credible or untrue. If the underlying facts are correct and the audience is made aware of the circumstances and the choices which were made, they can weigh up the options, to some extent verify or falsi-

fy the information and 'facts' they are provided with, and ultimately can form an opinion. As CP Scott wrote in his Centenary Essay A Hundred Years, "comment is free, but facts are sacred" (Scott, 1921, n. p.). Fundamentally, this implies "honesty, cleanness, courage, fairness, a sense of duty to the reader and the community" (ibid.).

These days, communication agencies, corporate spokespeople, and to a large extent, politicians, seem to have taken over the role of journalists when it comes to reporting facts. The German media professor and author, Stephan Ruß-Mohl speaks about the "disappearing boundaries between PR and journalism" (Ruß-Mohl, 2017). One unfortunate aspect of this is a disconnect between Practical Wisdom and moral virtues. Instead, Practical Wisdom is guided by political agendas and expediency. Facts are intentionally distorted and the lines between fact and opinion, truth and convenient or post truth, are becoming more and more blurred, generating an enormous amount of unreliable data and misinformation.

The questions to be answered are the following: What happens to Practical Wisdom, which is made up of intellectual virtues, when it is confronted with unethical, immoral behaviour, violation of the truth, abuse of power for political and private purposes? Would it be a sufficiently effective measure for journalism, which, to some extent, is drifting further and further away from its own ethical standards, to simply refocus on traditional journalistic investigation, to questioning the information that is out there, and to revealing lies and half-truths? As David Bornstein put it "[r]eporters will always be needed to play the crucial watchdog role – uncovering malfeasance, corruption and betrayals of trust" (Bornstein, 2011, n. p.). Can this restore the trust of the public and help guide us through the news jungle which overwhelms us with the sheer amount of information available at any time at any place? To what extent do individuals have to revive their own Practical Wisdom and common sense instead of taking what they are told at face value?

Most of these questions are closely linked to the phenomena of fake news and alternative facts, which are going to be explored in more detail in the following.

Journalists and the public need to understand the phenomena and adopt information assimilation strategies for determining data relevance and truth.

2 Fake News and Alternative Facts

2.1 Fake news

Fake news, a new buzzword. People talk and write about it almost every day and it has become a topic of scientific research (e.g. Graves & Cherubini, 2016; Uberti, 2016; Dutton, 2017; Hofseth, 2017; Ruß-Mohl, 2017) The expression and underlying concept of fake news has gained prominence through its use by US president Donald Trump. His definition of fakes news is that "[s]tories that are critical of him or his presidency are 'fake', while those that praise him are 'real'" (McGillen, 2017, n. p.). Alexander Griffing, journalist with the Israeli newspaper Haaretz is reminded of Nazi Germany where media, which did not report favourable about the National Socialist Party and its leaders, were called "Lügenpresse" [lying press]. The term was originally coined by the German author Reinhold Anton in 1914 and was used during World War I to refer to "enemy propaganda." Some 30 years later Hitler and the Nazis appropriated the term to weaken opposition to the regime, primarily "accusing" Jewish, communist, and later the foreign press of disseminating fake news (Griffing, 2017).

However, discrediting media which are not in line with one's opinion and calling their reports 'fake', does not define what fake news are. It is not for the recipient to decide whether news is real or fake, depending on whether it suits him or her or not.

Claire Wardle maintains that the term itself is "unhelpful" (Wardle, 2017, n. p.) since it does not cover the full scope of what is happening to information and she differentiates different types of "misinformation (the inadvertent sharing of false information) and disinformation (the deliberate creation of information known to be false)" (ibid.). In this context, it is important to know which elements are significant in what Wardle calls the "information ecosystem" (ibid.), i.e. the types of content created and shared, the motivation of those who create the content, and the ways the content is being distributed (ibid.). She also

draws up a typology of mis- and disinformation further complemented by reasons why the individual content is being created. Wardle's list comprises eight Ps: poor journalism, to parody, to provoke or ‚punk', passion, partisanship, profit, political influence/power, propaganda (Wardle, 2017)

Seeing that this typology consists of seven different elements, ranging from "false connection" on one end of the scale, to "fabricated content" (ibid.) on the other, shows just how complex the topic is.

Using Wardle's findings as a basis, one can state that fake news are pieces of information which are either fabricated or distorted. According to Regina Rini, whose argumentation is largely in line with Wardle's, "[f]ake news is not merely false; it is deceptive" (Rini, 2017, p. E-44). Rini goes on to claim that "the 'news' part of 'fake news' implies that the deception is intended for an audience larger than the immediate recipient; fake news is meant to be shared and shared again" (ibid.). Her definition comprises all of these points and more:

> *"A fake news story is one that purports to describe events in the real world, typically by mimicking the conventions of traditional media reportage, yet is known by its creators to be significantly false, and is transmitted with the two goals of being widely re-transmitted and of deceiving at least some of its audience" (Rini, 2017, p. E-45).*

These analyses and definitions of fake news may be easy to understand and accept for professional journalists. When it comes to the general public, this is not necessarily the case. Paul Chadwick, a journalist with the Guardian, asked readers for their definition of fake news and from many of the responses one can conclude that "for some people there is little to distinguish between fake news from flawed journalism" (Chadwick, 2017).

Chadwick's findings are in line with the results of a 2017 survey titled *American Views: Trust, Media and Democracy* conducted by Gallup and the Knight Foundation. While for some time "Americans have [had] a negative view of the media, [and] believe coverage is more biased than ever", a finding "unique to the Trump era" is that "Americans are so polarized that they cannot even agree on the definition of 'fake news'" (Schwartz, 2018, n. p.). Tim Franklin of the Medill School of Journalism goes even further. According to him "'fake news' has be-

come completely politicized and weaponized" (ibid.). This makes fake news a serious threat to democracy.

Just as it is not easy to pin fake news down, the fact that nowadays it is mostly mentioned in connection to digital and social media might lead to the impression that we are dealing with a new phenomenon. This is by no means the case. Fake news has been around for a long time and was spread for various different purposes – both personal and political.

2.1.1.1 Fabricated correspondences

There are prominent examples of journalists-cum-writers spreading fabricated news, one of whom is mentioned here. In Germany there were the so-called "Unechte Korrespondenzen" [fabricated correspondences], almost something like a journalistic genre in the 19th century. Many of these texts were written by Theodor Fontane (1819-1898), German writer, pharmacist, journalist, and later author of realist novels, in the years between 1860 and 1870 during his time as a reporter for the Kreuzzeitung. At that time, new printing technologies and the invention of the telegraph facilitated the long-distance transmission of messages. It was a quantum leap for both printing industry and the press. Fontane, news editor for Great Britain, the British colonies, Scandinavia and parts of Poland, used this technology to write articles about what was going on socially and politically in these parts of the world, most notably in England. Instead of travelling around Europe, he stayed at his desk in Berlin for the whole time that he worked for Kreuzzeitung and yet he turned out stories about London, for instance, "spellbinding his readers with 'personal' accounts of dramatic events, like the devastating Tooley Street Fire of 1861" (McGillen, 2017, n.p.). How he did this is not all that different from what is happening today, where information is available on the World Wide Web, waiting to be 'googled' and used. Fontane used already existing reports, selected passages which seemed relevant to him and pieced everything together for 'his' reportage. Classic cut- and-paste with a pair of scissors and a pot of glue. To the basic outline he added some invented events and persons, so as to make his stories more dramatic and attractive. It is important to note that eye-witness reporting was already a great

German journalistic tradition in those times, practiced by Johann Gottfried Seume (travel journalism), Heinrich Heine (feuilletons) and Georg Weerth (social reportage) to name the most well-known writers. Using the key feature of this form, Fontane often wrote in the first person and since his readers already had some basic knowledge of the goings-on abroad, they were easily convinced of the true character of his reportages (cf McGillen 2017).

2.1.1.2 Fabricated facts win Pulitzer Prize

One (in)famous example of fabricated facts is Janet Cooke's Pulitzer-Prize-winning reportage *Jimmy's World*, describing the life of an eight-year old drug addict, published in the Washington Post on 28 September 1980. The reportage can still be found on the Internet and is introduced with the following statement: "The following article is not factually correct and is a fabrication of the author" (Washington Post). It reads like a classic eye-witness reportage, describing Jimmy's life and environment in minute detail. Cooke presents statements from Jimmy's mother and quotes experts, such as paediatricians and people working with drug addicts. That Cooke managed to pull this off right under Bob Woodward's eyes (the Bob Woodward, who together with his colleague Carl Bernstein uncovered the Watergate scandal in 1972) shows how good her work was and how this led her supervisors to become slack about fact-checking (Green, 1981).

Another name that comes to mind in this context is Jayson Blair, who for many years succeeded in deceiving his employers at the New York Times with fabricated 'home stories'. According to The New York Times, Jayson Blair

> *"misled readers and Times colleagues with dispatches that purported to be from Maryland, Texas and other states, when often he was far away, in New York. He fabricated comments. He concocted scenes. He lifted material from other newspapers and wire services. He selected details from photographs to create the impression he had been somewhere or seen someone, when he had not. [...] he used these techniques to write falsely about emotionally charged moments in recent history, from the deadly sniper attacks in suburban Washington to the anguish of families grieving for loved ones killed in Iraq"* (Barry at al., 2003, n. p.)

For the authors of the above-cited NY Times article, Jayson Blair's approach to journalism is "suggesting the work of a troubled young man veering towards professional self-destruction" (ibid.)

Other examples are Stephen Glass (writing for New Republic) or the Swiss journalist Tom Kummer, whose fake interviews with celebrities were published, among others, in the German daily newspaper Süddeutsche Zeitung (cf. Reus, 2004). Kummer tried to justify his fabrications by claiming that he was working towards a 'creative' journalism, which sparked a heated media debate about "journalism and truth, […] fact and fiction" (Reus, 2004, p. 251).

Undoubtedly the above-mentioned writers and journalists violated the journalistic code of conduct, which can be described by the five principles accuracy and truth, independence, fairness and impartiality, humanity, and accountability (White, n.d.). They thereby acted unethically and deceived their readers. According to Claire Wardle's typology the texts are manipulated as well as fabricated content (cf. Wardle, 2017). In the view of Anders Hofseth (2017), who also researches the phenomenon, fake news divides into roughly two categories: "that which is made for profit" and "propaganda meant to influence" (Hofseth, 2017, n. p.). Fontane's intention was not to manipulate public opinion, but to make a living as a writer. Cooke, Blair and others wanted to make their name in journalism and cash in on that.

So why is it that what we experience these days seem to have another, more aggressive and sinister quality? It could well be the audacity of politicians and their spokespeople – and the respective media – telling the General Public that what they see is not what is actually there.

2.1.2 Alternative what? Alternative facts and deliberate disinformation

Many people shook their heads in disbelief when Kellyanne Conway, counsellor to President Trump explained to the public that Sean Spicer's claim that the 2017 inauguration was the "largest ever" was not inaccurate but that he offered "alternative facts" (Flores, 2017). Immediately, a statement made by the late Daniel Patrick Moynihan, who served as Senator for New York State from 1977

until 2001, comes to mind: “Everybody is entitled to his own opinion, but not his own facts” (Moynihan, n.d. cited in Will, 2010).

As Matthew d’Ancona put it, Conway had found a way of “squaring the epistemological circle, of reconciling bogus claim with photographic evidence” (d’Ancona, 2017, n. p.). While the incident inspired many tweets “#AlternativeFacts.”, it also started a fresh debate about the value of information and truth and how lies are turned into “alternative” facts.

Journalists have referred to Conway’s comment as Orwellian (England, 2017) and the expression “alternative facts” has been frequently used as the 21st century equivalent of Orwell’s concepts of “newspeak” and “doublethink” (see for instance Seaton, Crook & Taylor, 2017; Gopnik, 2017).

In the same way that fake news as a concept has not emerged recently, the idea of distorting the truth or telling blatant lies to the public in order to influence opinions and manipulate the course of events has been used for a long time, especially by totalitarian regimes. There are plenty of examples from German history, such as the myth of the Polish attack on the “Reichssender Gleiwitz” in 1939 which can be seen as the start of the Second World War; the Potato Beetle propaganda of the Stasi [Staatssicherheit – State Security in the former GDR] ‘Department of Disinformation’, where in 1950 the SED claimed that the millions of potato beetles which destroyed large part of the harvest had been dropped on East Germany by US-American planes, i.e. by the class enemy, in order to weaken the newly founded state. (cf. Petersen, 2017).

The Stasi also had a department called “Aktive Maßnahmen” [Active Measures], whose primary task was to distort, selectively alter, or fabricate “facts”. The objective was to launch campaigns to damage political opponents of the regime by means of indiscretion, disclosure and disinformation. At the core of each of these campaigns or measures, there was often something true and verifiable. Facts that did not fit were left out, documents were forged and information was invented (Münkel, 2017, pp. 91-94).

All of this leaves us with more questions: How do we distinguish between facts, legitimate debate and propaganda? (cf. Yates, 2017). How do we know that

conspiracy theories such as “Pizzagate” (instigated by Michael Flynn, Donald Trump’s former national security advisor, who tweeted stories connecting Hillary Clinton with sex crimes committed against children in a Washington pizza palour) are untrue when they come from the inner political circle? The US citizen who entered the place armed with a rifle, in order to investigate the crime, obviously believed Flynn’s tweets. How do we know that what we know is true? (Ellerton, 2017) and what has changed in our perception that makes us believe things that are blatant lies?

3 Shifting baselines, lack of interest and social media

When trying to answer the above questions, it makes sense to turn to psychology and political sciences as well as look more closely at the role of social media. This part of the chapter explores the phenomenon of “shifting baselines”, the effects that lack of interest in politics and information have on our perception and how social media contribute to disinformation.

3.1 Shifting baselines

In times of instability, real or imagined, individuals need orientation, identification, and the feeling of being a valuable member of society. Groups satisfy these needs, they offer anchoring points, provide values and put into words what is missing in one’s own environment and life. They set up guidelines and patterns of what is right and what is wrong, and, ultimately also what is true what is not.

The concept of shifting baselines stems from environmental research, but it can be applied to organisations and societies. It describes the gradual shift of the reference points we need to evaluate our environment (cf. Schneidewind, 2008, p. 1). It is important to note that we are not aware that this shift is taking place. In his farewell lecture, titled “’Shifting Baselines’ – Schleichende Veränderungen in stürmischen Zeiten” at the University of Oldenburg, Germany, Uwe Schneidewind explained how these slowly progressing collective perception shifts develop (Schneidewind, 2008).

There is for one the so-called power of practical constraint, i.e. to come to terms with things we cannot change. This mechanism helps us to deal with dissonances when we strive for goals we cannot reach. While this can be a blessing, it also makes us think that it is easier to adjust the frame of reference to our perception of reality instead of actively confronting the situation (Schneidewind, 2008, p. 8).

A second factor in this context is collective self-reinforcement, i.e. social reinforcement in the reference groups we move and act in. Our need for conformity has a great influence on our perception of the environment. Aronson, Wilson, and Akert found that "people rely on each other to define reality" (Aronson, Wilson & Akert, 2004, p. 274 ff), which is something that frequently happens in social media. We tend to turn to the people around us to find out what is right, wrong, normal or abnormal and the more serious the situation, the more we need others for orientation (Schneidewind, 2008, p. 10).

Of course, there are ways out of these dilemmas. First and foremost, we need to retrieve the ability for independent thinking and we have to participate in contexts in which our perceptions tend to shift. In the context of Practical Wisdom, journalism and politics, we need to ask ourselves some crucial questions: Which kind of society do we want to live in? Which kind of political discourse do we want? Which kind of reporting do we demand? Which kind of politicians do we trust?

3.2 Lack of interest

The phenomenon of shifting baselines goes hand in hand with an increasing lack of interest in what is happening in politics these days and a certain indifference when it comes to how politicians manipulate the electorate.

In his blog Max Cameron (2016) stresses the necessity of having Practical Wisdom in our lives. In one entry he uses Canadian politics as an example and his focus in on elections and voters. However, his argument can easily serve as a template for the press and its readers. It is just the next link in the chain: information conveyed by the press leads people to make decisions which in turn influences the way they vote – for or against Brexit, for or against Donald

Trump, for or against the current German government, and political parties which are obviously colluding with the automobile industry.

As far as Cameron is concerned we are faced with the phenomenon or symptom of a stressed democracy, signs of which are declining voter turn-out, and, among others, a lack of interest in politics (cf. Cameron, 2016).

Cameron maintains that this lack of interest is often based on ignorance and "so-called low-information voters often make decisions based on gut instinct, favouring "truthiness" (what feels true) over the truth. This encourages politicians to act manipulatively, for such voters are vulnerable to fake news, dog whistles, scandal mongering and vote suppression" (Cameron, 2016, n. p.).

Lack of interest also has something to do with individualism which in our time pervades all areas of life. We are competing with each other almost constantly, resulting in a self-centred individualism. In combination with shifting baselines this leads to a weakening of the "bonds of attachment to others" and ultimately to "alienation" (Cameron, 2016). Consequently, common sense, let alone Practical Wisdom, does not feature.

3.3 The role of social media

The developments described above help to explain the role of social media in why so many people believe in fake news and trust alternative facts.

One of the symbols of the technological revolution, the world-wide web, which for many journalists "felt like a breath of fresh air: open, creative, egalitarian" and "created genuinely new possibilities for journalism" (Viner, 2017, n. p.), has alienated societies from the idea of open debates and the exchange of opinions. Katharine Viner, Guardian editor-in-chief, sees this development as a "big challenge for liberal democracy" which also "presents particular problems for journalism" (ibid.). It seems that social media are more and more taking over the traditional tasks of journalism, i.e. providing information. Whereas a serious journalist would base his/her findings on research, the tendency in social media is for persons to see themselves as "experts" who express their opinions by 'liking' certain pieces of information and thereby endorsing their truthfulness

and significance. The information is then shared without any attempts to verify it; thereby, turning hear-say into facts. The emergence of fact-checking sites and programs, such as FactCheck.org., PolitiFact.com, and Snopes.com, shows that there is a growing need for the verification of facts. Graves & Cherubini (2016) conducted a comprehensive survey - "The Rise of Fact-Checking Sites in Europe", on the subject.

Serious deficiencies in critical thinking and in the Aristotelian thought virtues result in the dissemination of information that has not been properly vetted. Instead of Practical Wisdom (phronesis), people rely on second- or third-hand insights of others as "expert" as themselves. As Rini points out, many people adopt the attitude of "I believe it *because* it was presented as truth by another person" (Rini, 2017, p. E-46). It is as if people's "normal application of consistency-with-the-world filtering on testimony" is switched off (Rini, 2017, p. E-49). Claire Wardle describes the 'process' as follows:

> *… social networks allow 'atoms' of propaganda to be directly targeted at users who are more likely to accept and share a particular message. Once they inadvertently share a misleading or fabricated article, image, video or meme, the next person who sees it in their social feed probably trusts the original poster, and goes on to share it themselves. These 'atoms' then rocket through the information ecosystem at high speed powered by trusted peer-to-peer networks"* (Wardle, 2017, n. p.).

We can assume that a person who trusts and then shares information without checking whether it is true or not, will most probably also be uncritical when it comes to reporting in print media if they read them at all. In this context it is significant that social media are more and more becoming "the preferred source of news, especially for young people" (Ofcom, 2016 cited in Chadwick, 2017). The Gallup and Knight Institute survey confirms this for the United States: "Younger adults (aged under 50) are more likely to consume news online, including on social media […]" (Knight Foundation, 2018, p 3).

4 Political communication and biased journalism

At a news conference in Berlin in 2016, Barack Obama commented on and sharply criticised the way Donald Trump, at that time President Elect of the United States, handled information saying that "[i]f we are not serious about

facts and what's true and what's not, […] if we can't discriminate between serious arguments and propaganda, then we have problems" (Harris & Eddy, 2016). The Leave Campaign of the British Brexiteers and the biased reporting of the majority of the UK media are prime examples of this.

4.1 Political communication – Brexit and the wonderful cooperation between the press and politics

"Nobody wins a referendum against an opposing media narrative – not in the U.K., not in Switzerland, and not in the U.S." (Roland Schatz, n.d.). This is a clear statement and an indication of how important the role of the media in Britain was for the outcome of the referendum. The reporting was fraught with polemic, lies and what can be called propaganda. The example below is from Matthew d'Ancona's book Post Truth: *The New War on Truth and How to Fight Back* of which he presented excerpts in The Guardian:

> *"The promise that the weekly cost of EU membership – allegedly, £350m – would be ploughed into the NHS was front and centre in the Vote Leave campaign. […]. Four days after the referendum, Chris Grayling, the then leader of the House of Commons, downgraded the promise to 'an aspiration'. […]. Dominic Cummings, the campaigns director, has admitted: 'Would we have won without £350m/NHS? All our research and the close result strongly suggests no'"* (d'Ancona, 2017 n. p.).

It is one item from a long list of "alternative facts for the post truth world" (ibid). The question whether and to what extent some of the British media actually helped "swing the UK towards Brexit" (Martinson, 2016) is not an easy one. It is clear, however, that British newspapers were overwhelmingly pro Brexit and that papers such as the Mail, the Telegraph, Express and the Star backed the Leave Campaign with many anti-EU stories, which were presented to a large community of readers. Gareth Harding singles out "Britain's two top-selling papers, The Sun and The Daily Mail" which, in his opinion, are "rabidly anti-EU, reporting on its affairs with a mixture of hostility, mockery, and contempt" (Harding, 2017, p. 4). This kind of reporting has a tradition with these papers. In 1990 when Jacques Delors first proposed a single currency for the European Community, The Sun titled "Up your's Delors"; the EU Constitution presented on the European Council Meeting in June 2003 was called a "blue-

print for tyranny" by The Daily Mail, and the same paper warned its readers that Germany was turning Europe into a 'Fourth Reich' (cf Harding, 2017). The wording in headlines and on frontpages can be described as aggressive with expressions such as "lies, greedy elites, dying Europe, loss of sovereignty" (Who will speak for England? The Daily Mail in February 2016). The causes of independence and nationhood are highlighted and the focus is on the fears, for instance over immigration, of the British public. In addition, the papers fiercely position themselves against the so-called "establishment" meaning politicians who support the Remain campaign and newspapers such as the Guardian and the Financial Times. What we see here is a clear us versus them scenario, aimed at dividing the audience and trying to claim that their information is true and right. This goes against CP Scott's dictum "the voice of an opponent no less than that of a friend has a right to be heard" (Scott cited in Viner, 2017, n. p.). The tabloids behave unfairly and show a great lack of a sense of duty to the community.

A report by the analyst Media Tenor quotes The Guardian, Newsweek, and Politico as follows: "The Brexit vote was less a referendum and more of a reflex on how-opinion-leading media have framed Brussels and Strasbourg for a long time" (Media Tenor, 2016, p. 2). The report also reveals that only seven percent of the BBC coverage of Europe was positive and 49 % was negative. The tone of the coverage was more negative than that about Vladimir Putin and Xi Jinping and even Bashar al-Assad received more positive mentions than the EU (cf. Harding, 2017, p. 12). On BBC One and BBC Two, Brexiteers, like Boris Johnson, Michael Gove, Vote Leave, and Nigel Farage were quoted more often than Bremainers. The same goes for journalist, who either commented negatively or had no clear tone (Media Tenor, 2016, p. 7). Lord Justice Leveson conceded that when it comes to the EU "there is certainly clear evidence of misreporting" (Harding, 2017, p. 12). This statement is remarkable as it comes from the person, who in 2011 was appointed as chairman of an investigation regarding the role of the press and the police in a phone hacking scandal. In the first part of the inquiry the culture, practices and ethics of the press were examined with a focus on the relationship of the press with the public, police and politicians (cf. nationalarchives.gov.uk). As a conclusion of the inquiry, Leveson suggested

measures to regulate the press. This, however, never happened. Recently, he has been asked by ministers of the current British government to advise on whether "the second part of the inquiry, investigating corporate malpractice and the relationship between the media and the police, which had been due to take place following the phone-hacking trials" should be initiated or not (Ruddick, 2017).

The strong influence of the British media on the outcome of the Brexit vote is all the more surprising when one considers the fact that the British trust their papers less than their European counterparts. As recently as September one survey showed that 73% of people in the UK "do not tend to trust" the printed press – the highest figure among all EU member states and a staggering 23% higher than the EU average (cf. Harding, 2017, p. 13 citing from 2015 Eurobarometer opinion poll). Not only the trust in newspapers is decreasing. More and more, trust in established institutions is also lost. Despite this, part of the printed press – the tabloids – still sets the agenda and this "far more effectively than broadcasters, who are essentially a reactive medium" says Tony Gallagher, editor of the Sun in an interview with Katrin Bennhold (2017). Many of the typical tabloid reader are "over 50, working class and outside London" (ibid.) and The Sun has "an almost personal relationship with [them], like that with a trusted friend down at the pub" (ibid.). Small wonder that the tabloids played such a prominent role in the Brexit decision.

When it comes to the politicians themselves, it is interesting to analyse their argumentation, which was, of course, published and, in part, strongly supported, in newspapers and broadcast on television and the Internet. A wonderful example of cross-"selling".

Julia Rampen (2016), for instance, shows how easy it seems to have been for Theresa May to go back on her arguments against a Brexit. In April 2016, for instance, May claimed that "no country in the world has ever been totally sovereign" and a few months later, in October, her stance was a completely different one. Then she claimed that Britain was leaving the EU "to become, once more, a fully sovereign and independent country" (Rampen, 2016).

Even more revealing are two speeches made by Boris Johnson, one prior to the referendum and another one directly after it was clear that the Brexiteers had 'won'. In the context of this chapter, which has been dealing with fake news and lies, it is important to know that between 1989 and 1995, Johnson worked as the correspondent of the Telegraph in Brussels, where, according to the renowned French journalist Jean Quatremer, "he invented a self-serving journalistic genre that set a poisonous tone for British EU reporting" (Quatremer, 2016). Johnson's motto in those days was "never let the facts get in the way of a good story" (ibid.) and in his wake, the British press published Euromyths which stimulated a deep Europhobia. As far as Quatremer is concerned, this "ultimately has […] led to Brexit" (ibid.).

A brief analysis of Johnson's speeches shows that one of the most important and most frequently used key words is "democracy" or the lack thereof in the European Union. To characterise the EU, he uses expressions such as "antidemocratic absurdities", "corrosion of democracy", "interfering", "controlling" and states that the "loss of democratic control is spiritually damaging and socially risky" (Conservative Home, 2016 n. p.). He also stresses over and over again the EU's alleged mismanagement of funds, which to his mind is "cavalier waste and theft of EU funds"; "EU spending is persistently associated with fraud" (ibid.). A typical Johnson statements is that "to keep insisting that the EU is about economics is like saying the Italian Mafia is interested in olive oil and real estate" (ibid.).

Johnson's list of reasons for wanting to leave the EU is long. For one, Britain has "the choice between getting dragged even further into a federal superstate, or taking a stand … take back control of our democracy now" (ibid.). Then, of course, there are the lies Britain was told when it comes to the benefits of being a EU member: Greater exports, growth and extra jobs (ibid) none of which, according to Johnson, materialised. Britain is in a "predicament", in a "trap", and there is "a growing sense of alienation" when it comes to the EU. With Brexit, Britain will leave "an obscurantist and universalist system of government that is now past its sell by date", "will recapture or secure [its] voice", and "take back control of [its] democracy" (ibid.). This corresponds to headlines of the Sun

and the Daily Mail saying "If you believe in Britain vote LEAVE" (The Daily Mail) and "BeLEAVE in Britain"(The Sun).

In his speech directly after the result of the referendum was announced, Johnson, no doubt surprised at the outcome, emphasised that it was the people and not the politicians who "have decided that it is time to vote to take back control from a EU that has become too opaque and not accountable enough to the people it is meant to serve" (Newsweek, 2016). It is rather interesting to see that Johnson also tries to reassure those in Britain who were not in favour of leaving the EU as well as the member states that the country would not be "pulling up the drawbridge" and would not "turn [its] back on Europe" (ibid.) He still sees Britain as a great European power and again stresses the fact that with Brexit, the country can "find [its] voice in the world again" and that in his opinion "the British people have spoken up for democracy in Britain and across Europe and [they] can be proud of the result" (ibid.). As far as he is concerned, there is "no need for haste" and there is "no need to invoke Article 50" (ibid.).

We know where matters stand now. Theresa May invoked Article 50, yet the British government went into the negotiations completely unprepared. There is pressure from the EU and what was sold to the public as a smooth transition – in May 2016 Johnson could still "see the sunlit meadows beyond" – has become an ugly divorce. As for remaining a strong force in Europe, there is a bill to foot first and then everyone else will see. The Brexiteers have deceived and manipulated the voters, who had and still have very little knowledge of the EU, with the help of the media. The protagonists, Boris Johnson and Michael Gove laid their mutual hatred for each other to rest for a while so that they could further weaken the position of Prime Minister May – again, of course, with the kind cooperation of the press. A "secret" letter, leaked to the Mail on Sunday in which Johnson and Gove give the Prime Minister instructions on how to pursue Brexit, has been interpreted as follows: "A senior government source told the newspaper the foreign secretary and environment secretary had conducted a "soft coup" and escribed May as "their Downing Street hostage" (The Guardian, 12 November 2017). Then in January 2018, Nigel Farage stunned his followers by stating that "[o]ur historic Brexit vote could now be reversed" and admitting

that the Remainers are now "making all the arguments" (Helm & Savage, 2018, n. p.). One of the latest headlines on the Brexit negotiations reads "Barnier and Davis wage war of words over Brexit transition claims" (Boffey & Rankin, 2018). Any further questions?

It is not surprising that the public is losing trust in both politics and the media – not only in the UK, but in other countries, too. Reuters Institute investigated "trust, political polarisation and perceived media bias" and found that trust was highest in "affluent Northern European and Scandinavian countries as well as Portugal and Brazil" (cf. Chadwick, 2017). These are the times when the British foreign minister is described as a "buffoon […] whose word is as reliable as a used-car salesman's" (Quatremer, 2016), and, as far as Katherine Viner is concerned, the public's loss of trust in the media "has created a crisis for public life, and particularly for the press", (Viner, 2017, n. p.).

This brings us back to the issues raised by Max Cameron. If, as he points out a lack of interest in politics and information results, among other things, in the manipulation of opinion by politicians, then what is needed is to develop "a capacity for self-government […] to ensure voters and their representatives are discerning, judicious, responsible, and generous in outlook" (Schwartz and Sharpe cited in Cameron, 2017). This is vital since, as Cameron argues, "good institutions alone are not sufficient to ensure virtuous citizens and leaders" (ibid.). Professional journalism committed to truth, impartiality, and accountability, applying Practical Wisdom in the Aristotelean sense is an important instrument to help reach this goal.

5 Solutions

We have seen that information is no longer trustworthy because the messengers are unreliable. Their actions and behaviour are not characterised by virtue and this is a threat to democracy. If "knowledge in the absence of wisdom presents a danger to the world" (Rooney, McKenna & Liesch, 2010, p. 1), then pseudo-knowledge based on fake news means that we have lost our moral compass. Practical Wisdom is put to a test and we are witnessing scenes which seem to come straight out of George Orwell's novel *1984*.

Instead of offering a conclusion which reflects this bleak situation, practically wise solutions are needed in order to get journalistic reporting, political communication back on track, and, above all, restore the ability of large parts of the public to differentiate between facts and fake news, to critically evaluate what they hear and read, and to draw their own conclusions using their common sense instead of relying on the number of likes on social media or tweets, may they be presidential or private.

One approach which may be helpful in this context is the philosophical concept *paideia*. In ancient Greece, *paideia* stood for the process and the result of the life-serving instruction aimed at developing the greatest virtues. It became a philosophical concept. *Paideia* is mostly seen as a synonym for education (cf. Jan Radicke's article in this volume). In his NY-Times article titled *The Essential John McCain*, David Brooks argues that "Paideia is the process by which we educate one another for citizenship. It is based on the idea that a healthy democracy requires a certain sort of honorable citizen" (Brookes, 2017, p. 2). "Citizens" includes all of us, not only politicians, and this is where the general public comes in as part of the solution. At present, the public is not sufficiently critical and engaged. Brookes quotes the Spanish philosopher Javier Gomá Lanzón to clarify the current situation: "One could say […] that we are looking for the ideal of a virtuous republic composed of citizens relieved of the burden of citizenship" (Gomá cited in Brooks, 2017, p. 2). There is a saying that 'each people gets the government it deserves', and one can extend it to "each society gets the press it deserves". If we forfeit our right to be critically engaged in what is happening in our world, if the moral fabric of society is dissolved by people/politicians who thereby create "an open space for their selfishness" (ibid.), democracy becomes stressed and threatens to fail (see also the contribution of Richard Fuchs in this volume).

Journalism itself can help solve the problems. There is for one what Carolin Emcke calls "reflected journalism":

> *"… being able to give reasons for the decisions we make in every text we write […]. Decisions about why a specific part of reality should be more relevant than another […], why a certain event should be representative for an area, which associations*

> *connect topic or groups, […] which style is used: more searching, accusing, mocking or informing"* (Emcke, 2018, p. 5).

David Uberti proposes to focus more on bad journalism, less on fake news" (Uberti, 2017, n. p.). Of course, tabloids will not change their tune, but there is a relatively new form of journalism that could restore the trust in the media and actually change things for the better: solutions-based journalism.

Solutions-based journalism is "an approach to reporting that highlights answers to problems, as opposed to stories that focus on the issues themselves" (Scott, 2016, n. p.). As far as David Bornstein, NY Times reporter and co-founder of SJN – Solutions Journalism Network – is concerned, journalists have "overinformed readers about the current social problems and have contributed to the feeling of hopelessness" (Bornstein cited in Haas, 2017, p. 25).

The idea of this form of journalism was a spontaneous one. Co-founder of SJN, Tina Rosenberg, wanted to write a story about extremely expensive HIV medication and during her research she found out that the US-Government colluded with the pharmaceutical companies to keep the prices at a high level and thus accepting that patients in developing countries, who could not afford this, would die. The story was interesting, but Rosenberg's editor did not want yet another depressing story to be published. Rosenberg then reported about Brazil, where the HIV drugs are being 'rebuilt' at a much lower price and then distributed free of charge. The effect of her report was that the US-Government changed its policy and made the drugs available in developing countries at a low price (cf. Haas, 2017, p. 25). For the readers the cycle from hopelessness to mistrust and then to disinterest could be broken by presenting best-practice answers. According to Bornstein, it is not about the perfect solution, but about good journalism which takes one additional step in researching and thus fulfils its primary purpose of showing that problems have solutions and thus taking away excuses made by those responsible for the problems. This approach also enables active participation of the public, a cornerstone of democracy.

Practical Wisdom alone cannot save the journalistic ideal and bring virtue back into political communication but paired with *paideia* and public engagement

activated and supported by critical yet fair and solutions-based journalism, it is a viable power to help us all face the current information challenges.

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Listen! A Journalist's Journey to Practical Wisdom

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Introduction

This story is about a journalist's encounter with Practical Wisdom. It isn't hard-rocket science, and it isn't a representative survey. But it demonstrates what kind of insights you can gather while you sit, wait and listen to your fellow citizens. The story begins with a particular moment in modern history.

On November 9, 2016, at around 9 o'clock in the morning, I suddenly had the feeling that the world that I knew had turned upside-down. Incoming news made it crystal clear: Donald Trump had been elected as the next president of the United States. I remember sitting at my kitchen desk, emotionally frozen, staring at the bull-eye of my washing machine. Frankly speaking, I couldn't believe that the electoral process in the US could lift a person to the president's office who spread hatred and fear in the way Donald Trump had during his electoral campaign. Many questions came to my mind, but one question lingered. I asked myself, whether the rise of populist and extreme political parties poses a real threat to western-style democracies – be it in the US or in Europe. And in the end, I asked myself, how well is Germany's democracy prepared, to face the rise of a far-right populist movement. Days of unsatisfying, partly anxious self-reflection about this question followed. I tried hard, but I couldn't get anywhere close to a satisfactory answer. My malaise reached a point where my family said that instead of just being upset I should try to do something about it.

But what should I do? How could I personally contribute to the defense of democratic life and the rule of law? How could I get insight into what makes people so uneasy with the current way our western-style democracies operate?

Will listening carefully lead to Practical Wisdom?

Will analyzing opinion polls help? Will asking politicians add useful perspective? Or should the next step be to go out and conduct hard-hitting, in-depth interviews with political experts? It took a while before I realized that none of these methods would calm the queasiness in my stomach or still the thoughts tormenting my brain.

Then, one of my family members said: "Hey, I think you should just go and ask the people directly". And I guess that was the beginning of a project called, "Demokratie-Sprechstunde", which in English might be something like "Democracy's Office Hours". The objective of this exercise was to gain a firm understanding about how justified concerns are over the shakiness of our society's democratic values. Could the push for more populist, more extreme political parties in Germany eventually lead to a deterioration of democracy itself? What is democracy in the eyes of my fellow citizens – and how much of it do we still have? I realized that in a high-speed digital world, the really new thing to do would be to just sit and wait for however long it takes to bring people to my desk for face-to-face discussions about democracy, about us – and about our political future… a rather old-fashioned method in today's Facebook Live world, but maybe a real insider tip worth mentioning. What happened then; that's next!

A simple, but effective setting

For five days in a row, I placed myself on a public square in Bochum, a medium-size city of 400.000 inhabitants in the Ruhr area. It was shaped by the ups and downs of the coal mining and car industries, and today it faces typical issues of structural changes, job losses and perceived uncertainties of practically all things in life. The setting of this experiment was a rather simple one: a wooden table, two folding chairs, an orange-colored parasol, a microphone and a reporter – me – who was eager to hear the opinions of passers-by. Two posters leaning against my table invited guests to stop and chat. Initially, I was very skeptical whether even a single person would stop to talk to me. Personally, I doubted, whether I would have done this myself. But, I was completely wrong and it wasn't the last time that I had to revise my preconceptions during this exercise.

Expect the unexpected

Even more surprising was what five days of this journalistic self-experiment revealed. I had talked to around 80 people in conversations lasting between five

minutes and up to two hours. A bit overwhelmed about my own "success", my immediate take-away was this: People desperately need to express their views in public. No matter how divergent their political views were, no matter where they would position and rank themselves in the societal sphere I honestly felt that many of my conversation partners were just waiting for me to come by to ask exactly these kinds of questions. After wrapping up our interview many people told me things like "Thanks for giving me a voice", or, "It's great that you are taking so much time". Noteworthy as well is a remark made by a retired woman: "I am happy to give you my opinion, because normally, nobody ever asks me about my political views. I guess they don't really count for much".

And then, a real revelation was waiting for me. The kind of setting that I created had a real impact on the way that two human beings interacted with one another. Seems logical, but I nevertheless was truly surprised how big the effect was. As I have been reporting from time to time about far-right *Pegida* demonstrations in Dresden, I was very much used to people yelling and shouting at me. And looking at the kind of content that social media transports, it seems as if there is a bubble of hate speech rolling through the Internet.

In that sense, I was emotionally prepared that some of my conversations could be rude, aggressive or even furious. However, I experienced exactly the opposite. The coffee klatsch atmosphere inspired many to speak freely without the rudeness that characterizes today's public discourse. Basically, all of my discussions were marked by an atmosphere of mutual respect and dignity. Even the most radical, the most abstruse or even frightening views were shared in a respectful and non-confrontational manner. Like this middle-aged man who outed himself as a so-called "Reichsbürger". In a nutshell, citizens from that group do not want to abide by today's German laws, because they believe that we are still living in the 1871 authoritarian system of the Kingdom of Prussia, and that post-war Germany is a US-backed conspiracy. Even though I personally think this political view is insane and dangerous, it was heart-breaking how this person sitting next to me tried for almost 90 minutes to convince me of this abstruse ideology with whatever arguments he could find. He seemed to be so dedicated to and so motivated by his cause that although I still think he is in-

sane, he earned my respect for the effort that he made to change my opinion. No, don't worry, I didn't change my political views. But I asked myself, what if we could redirect the passion and dedication of this man to a cause that is democratic and law abiding. Without that one-to-one talk, I am pretty sure that I would have never thought along such lines. And whilst I am not quite sure where this observation will lead my thoughts to in the future, I am quite certain that this experience is the kind of Practical Wisdom that I am talking about.

And I recall that woman from Dortmund, a social pedagogy practitioner. She advocated for more places where citizens could meet to practice and train democracy and learn how to engage in fair dialogues or discussions. With the "Demokratie-Sprechstunde" in mind, I would say she is absolutely right. In an ever more anonymous and virtual world, the places where people with totally divergent views can meet and debate in a fair manner, are virtually non-existent.

The Male Factor

And there are more unexpected findings that I brought with me. Amongst these, there is an interesting observation that I started to call "The Male Factor". The larger the number of my interviews became, the more I got the impression that men and women have different perceptions about the importance and validity of their political views. Why? Because way too often, young to middle-aged women standing in front of my desk would say things like, "Really, I am not well informed about politics, so don't quote me on this", or "I am sorry, but my opinion is not very well-grounded". On the other hand, I met a large number of elderly men who were ready to share their political beliefs from one second to the next, whilst suggesting in mimic, gesture and tone that their view is the ultimate truth. It is noteworthy that after a few sentences, or even a few seconds, these very self-confident men often started to simply repeat themselves. Confronted with this mistaken notion of the women I talked to, I asked myself if today's world politics looks the way it does because of this misperception. Are world politics and business still dominated by elderly, often testosterone-hijacked males because so many women perceive themselves as unin-

formed and unimportant when it comes to political debate? And where does this reluctance to be pro-active and confident come from?

Knowing very well that this observation is far from representative, I was, nevertheless, quickly convinced that further effort should be made to embark on an in-depth investigation of that question and search for solutions to change those kinds of thought and behavioral patterns. Looking at the PESTLE model as it relates to this book, I am sure that one can find elements within all six categories that are in some way affected by this opinion-bias. If my observations and insights are correct, then Practical Wisdom will sound a clarion call for action.

The excessive demands of everything

During the five days, of sitting, waiting and listening, I gained another insight. I got the impression that talking about democracy means that, at the same time, we are talking about being overwhelmed by today's world. For many of us, reality has become inscrutable. A lack of financial resources, a lack of perspectives, high pressure in today's working environment: for a seemingly growing number of citizens, the search for simple solutions to complex questions has become their way of handling these challenges. One elderly woman who stopped at my desk is a case in point. She was passing by with her crutches, saw the poster and immediately started to express her anger about the public health system, about refugees, about her overall situation. Since she did not get the physiotherapy she thought she needed at the time, the ones to blame were refugees who apparently flood doctor's practices and use up all available resources. Statistics experts would say that this is rather simplistic model that is far from accurate. However, I also met those who argued that the quest to overly simplify complexities is quite logical. For example, a dramatic advisor from the nearby Bochum Theatre suggested that having easy explanations for highly complex issues may give a person a sense of relief: "Oh yes, I can understand it, and I am right".

I also learnt that black and white templates seem to provide the same kind of relief. As, for instance, with this young woman who expressed her anger about the way the German Parliament operates as a legislative body. It seems, she

argued, as if all decisions are exclusively drawn up by shadow lobbyists. Members of parliament are - from this perspective - thrown back into the role of simply rubberstamping new laws. Is this the kind of *Bundestag* work that I observe as a political correspondent every day? I have my doubts, even though to some extent this lady is certainly right, for there are laws that show excessive influence of lobby groups. But *all* laws, really *everything*? I think, it was at this point that I realized that at half-time of my experiment, I had not met a single person who expressed his or her happiness about living in a rather free, open democracy. It truly seemed that practically everyone I spoke to took this for granted – or felt it not worth mentioning or, even worse, were not consciously aware of it. Thus, it was ironic that the only person who praised our current constitution and the level of freedom it provides was a German university student of Arab descent. He spoke passionately about the level of freedom of speech in this country, and how he can speak up and voice whatever opinion he has, knowing that he will not be persecuted. Having heard the bitter complaints, and the rare voices that praised our democracy, I thought to myself: Is life so burdensome, because we are trained to look only at the tragic-half of reality? Could the young nurse, who came by and shared some of her nursing vocabulary with me, be right in saying that we are victims of "trained helplessness" because we look for others to save democracy and take responsibility for our personal well-being?

It's about the rules, stupid!

During the final hours of my listening experiment, there was still time for reality to confront me with thoughts and insights that were not on my journalistic agenda. Notably, for a full week, I was told by people that the rise of the far-right party "Alternative für Deutschland" might challenge Germany's democratic foundations. This confirmed the assumptions I made before the experiment, so there was no reason for me to question this point. That is, not until I met the mother of two teenagers who told me she was used to talking 'straight'. For her, keeping democracy alive was not to yield to the first impulse and choose a confrontational approach toward the far-right populist movement. Instead, first

and foremost, it was a fight about the democratic rules and keeping them in place with all parties. She told me about an incident in the German Bundestag (Parliament), a few weeks before the elections. The majority of the parties back then changed a democratic procedure that for selecting the representative who holds the first speech in the newly elected parliament. While in the past it used to be the most senior (in terms of age) member, it should now be the most senior one in terms of membership years in parliament. With this move, the parties belonging to the Bundestag (Parliament) in the past legislative period apparently wanted to prevent an elderly member of the far-right party from having the right to the prestigious first speech. Very confidently the mother of two argued that if you tamper with the rules in an opportunistic manner, you might win in the short term, but democracy will lose over time. The right way, she argued, is to stand strong and challenge those who question democratic rules with convincing arguments. This way, those who become targets of unfair treatment, won't be able to play any blame-games or depict themselves as victims. Moreover, it is an essential element of democratic normality to treat even a party that might be democratically dubious, both fairly and according to the rules. If the rules are no longer binding, then democracy really has a problem. So, it's all about the rules, I realized, and asked myself why I had not seen this before.

A Warning for Wanna-be-Listeners

Before wrapping up this story about an intensive listening experiment, I would like to issue a warning. If ever you get inspired to the extent that you want to go out and generate Practical Wisdom in this manner for yourself, here is a word of caution. Frankly speaking, sitting, waiting and listening to your fellow citizens can be extremely hard work. To the greatest extent possible, you must listen carefully, really care, remain patient and stay impartial. This is mentally and physically demanding work and will, at times, require courage and broad-mindedness. And, even more so, listening carefully to your fellow citizens can also be dangerous because it might eventually force you to throw overboard well-established beliefs and principles.

This is a particularly healthy exercise for journalists. Budget cuts in most media outlets have changed the day-to-day work of most of my colleagues as well as myself tremendously. Sitting in-house in a newsroom is the new normal and going out as field reporter has become today's exclusive and costly exception. This has had tremendous impact on the way stories are told. One effect has been that the presumptions journalists have before embarking on a story have become ever more influential because most stories will be written according to this frame of mind, without testing the preconceptions in face-to-face talks with real people. This widens the gap between reality and reported reality. Field reporting, seen from this angle, is a tremendous amount of extra work for the breaking-news journalist. But it might be, in the end, the path for getting back what was lost along the way: namely accuracy and trustworthiness. And it might also generate something that is beyond the actual content of the story: I guess, you can call this Practical Wisdom.

And what is true for journalists can also be adapted to business & politics. If we take a closer look at the way journalists (should!) work, the daily routine of a company's CEO, the day-to-day business of a political representative or of a self-employed attorney are astoundingly alike – even though their topics and tasks differ. Decisions have to be made according to a well-documented set of data. These decisions have to be communicated according to the rules of the society, as well corporate social responsibility guidelines. If those decisions are out, the person has to be responsive to the public discourse and prepared to present arguments and justifications according to the data the decision was based upon. If one assumes that all of these decision-makers have to absorb an ever-greater number of emails, meeting minutes and inhouse rules and regulations, the likelihood that decisions are based on internally relevant arguments becomes even less likely. In short, the gap between reality and reported reality also widens in these job worlds. Where is the way out of this? Well, consider the case of the CEO of a local public utility that provides electricity, water supply and public transport. If that person took five days a year to sit in the market square of his or her constituency to listen seriously to his fellow citizens and clients, company policies would, no doubt, be different. The same might apply to other domains. So, in that sense, being "wasteful" with your time can be an

extremely cost-efficient way to steer your company or your project towards the right kind of future.

How I became Neo-Aristotelian without even knowing it

So far, so good, one could argue, after learning about my journalistic listening experiment. But, you would not be reading this volume, if you were not interested in putting this rather subjective practical exercise into a more holistic, theoretical perspective.

Aristotle, the antique philosopher whose Bronze statue has welcomed me in student times before entering the main building of my university in Freiburg in Germany, has created a solid basis for our thoughts. In volume six of his Nicomachean Ethics, Aristotle introduces the concept of Practical Wisdom (phrónesis) as one of the five intellectual virtues. Next to the unalterable virtues such as theoretical wisdom (sophía), scientific knowledge (epistêmê) and intuition (nous), Aristotle devoted much attention to Practical Wisdom (phrónesis) and virtuosity (techné). Why? Because Practical Wisdom and virtuosity may be subject to change and configuration, and thus can be influenced directly by each and every human being. Each and every day. Practical Wisdom, as Radicke and Bachmann argue in this edition, differs from virtuosity in that it aligns with a normative set of rules that stipulate moral behavior. Bachmann has gone a step further proposing a three-pillar-approach conceptualizing Practical Wisdom that enables us to apply Practical Wisdom within the sphere of economic management theory.

The first pillar in Bachmann's theoretical framework is the integrative dimension of Practical Wisdom, where the process of decision-making is put into perspective of practical experience. The second pillar is the normative dimension of Practical Wisdom, notably, highlighting the morally-grounded principles that decisions will be based upon. And the third and last pillar is the cultural heritage dimension, as knowledge passed from one generation to the next can constitute a major force of practical guidance.

Looking at the present example of my in-depth listening experiment, there are interesting lessons-learned by looking through the lens of this framework. In particular, pillar one caught my eye. There, it is argued that Practical Wisdom targets the practical action, saying that theoretical knowledge is only as good as it is subsequently used to shape practical action. Practical Wisdom, argues Bachmann, also includes the notion that you first have to make an effort to understand the complexity of today's reality, before you are entitled to act. And, the concept includes the idea that you will not be able to act wisely and responsibly unless you have made an effort to understand the action, interests and goals of your fellow citizens.

Ok, that is the theoretical, even philosophical line. What does this mean looking at my journalistic experiment? In my view two things. Firstly, understanding society, understanding the actions, interests and goals of individuals as well as groups, strongly depends on an intense dialogue between the one who aims to understand and the one who should be understood. Possibly, the roles change from time to time. So, there is no short-cut to this iterative process of getting to know the essence of your fellow citizen's opinions, if you aim to have a solid and truthful understanding. Thus, the listening experiment seen from this angle should be our daily routine rather than an extraordinary exercise of a single journalist. And secondly, even though I started my research with a normative framework (which included several indicators of what I strongly believe is essential for a healthy democracy), I realized during my experiment that reality and the way people argued altered the way how I looked at my pre-determined framework and its normative indicators.

But, if I got my Ancient friend Aristotle right, this process of reflection, change of mind-set and subsequently change of behavior and action is at the heart of what this idea of Practical Wisdom is all about. In a nutshell, real life experiences should always have an impact on the way you formulate and construct your theories – and these experiences should always have the right to challenge even the best thought-through theories. Situations that turn out to be different than expected should force you to ask yourself: Do I have to adapt the way I

look at things, the way I look at the world? Do I have to alter my beliefs? Do I always have to act according to what I truly believe?

I have to smile, because suddenly I feel very close to this philosopher named Aristotle who lived hundreds of years before Christ, but seemed to tackle the same kind of problems that we are trying to solve today. And it becomes even more amusing when I consider that Aristotle would presumably have liked the idea of a Democracy's Office Hours on a public square, because it is similar to his own methodology for generating ideas. How do I know that? Radicke describes the way how Aristotle apparently would have come up with new ideas about social justice and acting socially just. Aristotle would have gone out to the public squares of the Ancient Greek city (polis), and would have listened to discussions of his fellow citizens. His aim was, as Radicke describes it, to retrieve a sample of diverse opinions (phainomena) and to deduce from that certain ideas that are more generalizable. Seems like that in this sense, I could call my approach Neo-Aristotelian, but for the time being, I continue to call it Careful Listening.

THE END

Corporate Ethics: An Aristotelian Approach

Gershon Braun

M. Stangel-Meseke et al. (Eds.), *Practical Wisdom and Diversity*,
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1 Introduction

Implicit in a manager's fiduciary duty toward the corporation is an obligation to act with prudence. This is generally understood to mean that a manager's actions should not only comply with applicable laws and regulations, but also with the ethical and social expectations of prime constituencies.

Corporate lawyers and accountants dedicate a great deal of time and energy to researching the finer points of legal and regulatory compliance, but despite the financial and reputational risks that unethical and socially irresponsible behaviour can pose to the corporation, there is normally no comparable team of experts charged with identifying and resolving moral issues.

Consequently, those corporate managers who recognize the need for acting ethically but are not familiar with moral philosophy, can either defer to their moral intuition, box-tick the dos and don'ts of corporate codes of conduct, benchmark standard industry practices, apply Hillel's principle of reciprocity, or use some combination thereof. Although not optimal, any of these options are better than ignoring ethics completely, or rationalizing it away, or evaluating ethical issues purely in terms of cost-benefit and risk assessment models.

Although their understanding of ethics may be wanting, most managers excel at thinking logically about what is good and advantageous for themselves and for their organization. So, to foster prudence and to facilitate the integration of ethics into the actions managers perform on behalf of their organizations, I propose that 1) a single, culturally agnostic codex of business-relevant virtues be adopted and 2) on the basis of these business virtues, managers be encouraged to employ the five Aristotelian thought virtues (NE vi. 1139b15) that they already utilize on a daily basis; namely, theoretical knowledge (epistêmê), professional knowledge (technê), practical insights (phrónesis), the ability to reason (sophía), and the ability to comprehend (nous), to work out a course of action that minimally achieves the "mean" for each of eight, key "business virtues", and in so doing strikes an agreeable balance between business interests and moral acceptance in a culturally appropriate way.

2 The corporate golem

Corporations are artificial creations made up of a bundle of formal and informal contracts and a nexus of relationships organized around a common goal; namely, achieving profitability through the sale of goods or services (Coase, 1937). As such, corporations can be likened to golems; human-like creatures without spirit or soul which, according to Talmudic legend, were created out of inanimate material to serve their creators (Scholem, 1974). But unlike the golem of the Middle Ages, the corporation is also ascribed human-like characteristics such as mental states, personality traits, a social conscience, cultural sensitivity, and the like which are collectively referred to as its "corporate identity". This anthropomorphic corporate persona is reflective to some extent of management philosophy and style but is principally a concoction of constructed truths in the form of corporate designs, logos, slogans, products, etc. which contrives to support the public portrayal of the corporate persona in a way that will resonate with customers, investors, and other important stakeholders. Yet, despite all efforts to evoke a human-like persona, corporations are incapable of independent thought, speech, and action and have no moral conscience.

Compensating for these deficiencies is the province of corporate management. In much the same way a legal guardian might look after the interests of a person who is unable to handle his/her own affairs, corporate management is charged with the responsibility of advancing the corporation's interests through prudent actions that validate its public persona.

In everyday usage, prudence is understood to mean exercising good judgment or sagacity, but as the term is used by Aristotle, it also means acting in accordance with moral virtues, and in so doing, contribute to the good of society as a whole. Thus, prudent actions not only round out the corporate persona, but are consistent with what many understand to be the purpose of a corporation; namely, earning a profit by providing society with beneficial goods and services in a way that is morally acceptable.

3 "Which way shall I turn me, how can I decide?" (Gay, J., 1728)

Unfortunately, most managers do not have a sufficiently strong background in moral philosophy to be able to reliably factor ethics into their intended actions, and most probably have no access within the corporation to people who can offer expert advice. So, when confronted with an ethics issue, managers tend to select one of the following options:

1. Ignore ethics and rely entirely on legal compliance
2. Rationalize their intended behaviour
3. Use a cost-benefit / risk-assessment approach by weighing how much the firm stands to win or lose by being ethical
4. Select from a potpourri of methods for determining an ethical course of action, which might include: moral intuition, the golden rule, organizational and professional codes of ethical conduct and standard industry practices and traditions
5. Employ a structured approach that triangulates moral standards and norms with likely consequences to stakeholders and to corporate business interests and goals

Shelby Hunt and Scott Vitell suggest that most persons are inclined to use the fifth alternative, and in their Theory of Ethics (Hunt &Vitell, 2006), present a model which they maintain demonstrates the analytical process.

According to their theoretical model, people first scan the environment to determine if elements of an intended business action might conflict in some way with formal or informal codes, laws, or religious doctrine. These norms are sourced from societal, corporate, professional and industry standards as well as from the individual's personal values and beliefs. Should the existence of one or more areas of ethical concern be confirmed, alternative courses of action begin to surface. These alternative actions are examined by determining the extent to which they comply with applicable norms, as well as by considering the probability and desirability of expected outcomes on key stakeholders. Based on the these analyses an ethical judgment is then made, which leads to the formation

of an intention to act. However, Hunt & Vitell allow for the possibility that there could be a disparity between the intention to act and the action itself due to pressures to achieve targets, limited authority, career aspirations, etc. The theory suggests that when actions taken are not congruent with ethics it may lead to feelings of guilt.

Brady and Gougoumanova (2011, p. 1) take issue with the core decision process as described by Hunt & Vitell. They maintain that on the basis of a study they conducted "…decision makers do not think about their analysis in deontological or teleological terms or as individual philosophical theories", per se. But even if the rule-based and consequence-based analyses are not strictly compartmentalized, the Hunt &Vitell model seems to be a reasonable representation of how many people incorporate ethics into their decision making, and as such, helps to expose several deficiencies in the process, which may account for suboptimal, imprudent actions.

For instance, the first step in the process requires that a person select applicable standards and norms. The problem here is that there is a myriad of possible choices, both known and unknown. Also, the norms are usually not presented as moral imperatives (be honest) but rather as behavioural commands (do not mislabel products) without any reference to the ethical principles that underlie them.

If, for example, the UN Global Compact (2017) is used as a standard, the behavioural command to abolish child labour (Principle 5) does not reveal the ethic that underlies the restriction. There is no way to know if forbidding child labour is merely a culture-specific custom, or an expression of economic policy to avoid flooding the job market with cheap labour, or if it is grounded in an appreciation of the value of human dignity. The distinction is important, because a command to not use child labour can easily be rationalized if the use of children in the labour force is a local custom; but it is much more difficult to ignore if one understands that exploiting children in this way denies their intrinsic value as human beings.

Moreover, allowing a manager to choose from a wide selection of standards can lead to “shopping” for the most “friendly” standards and norms; which as a rule are more likely to be found in the host country than at home. Although many companies now have corporate codes of ethical conduct, they are too often intended to protect the corporation rather than to serve the society in which it does business. So, the rule-based analysis can very likely be based on interpretive positions and not on the ethical principles that underpin them, and these positions might be cultural expressions in disguise.

If at this point an intended action appears to be unethical, then alternative courses of action “pop” into mind which are then informally analysed in terms of applicable norms as well as anticipated consequences, which leads to the formation of an ethical judgment.

Although considering intended actions from multiple perspectives may reveal important insights, any attempt to amalgamate norms with consequences in order to form a unified ethical judgement can lead to soft interpretations of norms as well as to the rationalization of consequences. Moreover, ethical frameworks are subject to misapplication and misuse: especially utilitarianism, which requires that an expected outcome provide the greatest good for the greatest number of people, and which is often misunderstood to mean the greatest financial advantages for the corporate shareholders, rather than the greatest pleasure or utility to society.

There are a number of variables that affect the quality of the action. Hunt &Vitell (2006) readily admit that the outcome of the evaluation process relies heavily on the decision maker’s cognitive moral development, sensitivity to ethics, strength of moral character as well as his / her personal values and beliefs. Also, due to cultural diversity and the prevailing political, social, legal and economic climate, both the interpretation of rules and the implementation of actions may be inappropriate or cumbersome.

4 Aristotle to the rescue

There needs to be a more straightforward and dependable way for managers to ensure that critical ethical components have been factored into the actions they take on behalf of their companies. In short, what is needed is a methodology that relies exclusively on the knowledge and skills managers already have and does not require deep understanding of moral philosophies.

Aristotle tells us that for actions to be virtuous they must be firmly grounded in moral character; otherwise, they may be shrewd, but not moral and hence, not prudent. That is, in Aristotle's view, prudence not only involves deliberation over variable and contingent particulars of the sort that form opinions, it is also a moral quality, and as such, an aspect of a person's character. Prudence represents the mean between excessive caution and impetuosity (Adler, 1990).

According to Aristotle (NE vi.1139b15), prudence requires the application of five virtues of thought:

1. *Sophía* is a form of wisdom concerned with the essential nature of things and is derived from the speculative or philosophical sciences. (Adler,1990)
2. *Phrónesis*, often translated into English as Practical Wisdom, is understood to mean insights gained through experience that can be applied to moral action. According to Adler (1990) it is virtue that makes us aim at the right end and phrónesis that enables us to employ the right means for achieving that end.
3. *Epistêmê* is understood to mean theoretical knowledge (OED, 2018).
4. *Technê* is professional knowledge (OED, 2018).
5. *Nous* is intuitive reasoning; i.e. the mental activity used to comprehend (apprehend) what is true or real and as such is a requisite for rational thought (OED, 2018).

Thus, a prudent action can be expected from a manager if he/she is of good character, is well-acquainted with all relevant underlying theories of a general business situation, has deep professional knowledge of the specifics involved, is capable of grasping what is significant, and can apply insights gleaned from

practical experience using rational thought processes to determine a course of action that is neither overly cautious or reckless.

Imagine a sales manager faced with having to select from a number of candidates for the position of salesperson. The manager has theoretical knowledge of sales and how it fits into the grand scheme of the organization's vision, mission and goals. The manager knows what personal and professional attributes are important for the position and knows how to conduct interviews and assessments. Through years of experience the manager has gained insights into how to determine if a candidate is a good "fit" based on university attended, prior job experience, social activities, language skills, personality traits and the like. Additionally, the manager is of good character and intends to make a fair selection.

In this scenario, all of the Aristotelian intellect-virtues have been employed and any manager should have no problems with these intellectual processes. But taking the thought experiment a step further, what if one of the candidates happens to be the son or daughter of a company vice president who just happens to be the sales manager's direct supervisor?

Rather than ignore ethics or rationalize behaviour and make a decision that is possibly not in the company's best interest, managers need a process for applying the intellectual virtues and directing them toward identifying and applying relevant moral virtues in order to resolve the business problem (whom to hire) in a way that is ethical, culturally appropriate and contributes to the good of society.

5 Oedipus, Schmoedipus! As long as he loves his mother

To that end, the first improvement to the model presented by Hunt & Vitell would be to adopt a uniform set of values that can be applied in all business situations and is valid in diverse cultural settings.

Some may argue that there can be no universally applicable values or that to apply moral norms universally would be a form of cultural imperialism, but I do not agree. If a country supports and practices nepotism, it may simply be inter-

preting the value of fairness in a culturally appropriate way. From that country's perspective, it would be unfair to place the welfare of strangers above the welfare of family members. To insist that relatives not be hired or not be given priority would be a form of cultural imperialism because it would mean dictating how that country should express the value of fairness in the context of hiring practices.

An extreme example is the well-known anecdote reported by Herodotus (1860) concerning King Darius I of Persia, who attempted to unite a culturally diverse empire under a single administration. Darius noted that it was common practice for Greeks to burn the bodies of their dead fathers and for the Callatian Indians to eat their dead. Despite the dramatic difference of actions, a common value that underlay the ritualistic behaviour of each people was the same; acknowledgement of a person's dignity as a human being - even after death. This anecdote underscores the importance of not confusing practices, habits, customs and traditions with the values that underlie them.

What I advocate is not absolutism; rather the recognition that there are values that can and should be accepted everywhere, but how they are expressed ought to be adapted to the situational context.

Which values are best-suited to universal application in commercial settings is open to debate. Kinnier, Jerry and Dautheribes (2000) have suggested a short list of universal moral values: truth, justice, integrity (self-respect), human dignity, loyalty (connectedness).

But I recommend the Global Business Standards Codex (GBSC) developed by Paine, Deshpandé, Margolis, and Bettcher (2005) which transcribes business-relevant values into eight principles [virtues]: fiduciary duty, human dignity, property, transparency, integrity, fairness, citizenship and responsiveness. According to an interview with Lynn Paine published in Harvard Business School's Working Knowledge, the codex is based on data collected from a cross-section of 7,600 respondents (front line employees and executives) from several multinational corporations (Nobel, 2011).

The original intent was for the GBSC to serve as a template for firms wishing to create a corporate code of ethical conduct, but it works equally well on a case by case basis. The codex is straightforward and easy to understand. It is business-oriented, it can be enhanced and customized by companies, and can be adapted to reflect cultural diversity.

I have had hundreds of students from diverse cultures use these norms in business case studies and there has been no single case where a student failed to grasp their contextual meaning or was at a loss as to how to apply them in a variety of cultural settings. Admittedly, students from countries where ethics take a back-seat to profit-seeking found it difficult to take business ethics seriously, but they understood that the values have only to be deemed worthy of attainment and not necessarily practiced, and they were able to work effectively with the codex.

6 Applying moral philosophies

It would be instructive to examine a business scenario and compare the application of various moral frameworks.

The following scenario is presented in a popular business ethics textbook (Ferrell, Fraedrich, and Ferrell, 2015, pp. 156-167) to demonstrate the application of various moral philosophies typically used in business decision making.

A Good Contract? – Sam Colt's Moral Dilemma

> Sam Colt is a sales representative for Midwest Hardware, which manufactures nuts and bolts. Sam wants to make a big sale to a construction firm that is building a new bridge across the Mississippi River near St. Louis, Missouri. The bolts manufactured by Midwest Hardware have a 3% defect rate, which, although acceptable in the industry, makes them unsuitable for use in certain kinds of projects, such as those that may be subject to sudden, severe stress.
>
> The new bridge will be located near the New Madrid fault line, the source of the United States' greatest earthquake, back in 1811. The epicenter of the

> earthquake, which caused extensive damage and altered the flow of the Mississippi, is less than 200 miles from the site of the new bridge. Earthquake experts believe that there is a 50% chance that an earthquake with a magnitude greater than 7 on the Richter scale will occur somewhere along the New Madrid fault by the year 2030.
>
> Bridge construction in the area is not regulated by earthquake codes, however. If Sam wins the sale, he gets a commission of $25,000 on top of his regular salary. But if he tells the contractor about the defect rate, Midwest may lose the sale to a competitor that markets bolts with a much lower defect rate.
>
> Sam's ethical issue is whether to point out to the bridge contractor that, in the event of an earthquake, some Midwest bolts could fail, possibly resulting in the collapse of the bridge.

By way of illustrating a variety of common ethical approaches, the authors apply six moral philosophies to this scenario: Egoism, Utilitarianism, Deontology, Relativism, Justice and Virtue Ethics. The choice Sam makes and the course of action he selects will be a product of perceived personal and corporate interests as viewed through the prism of Sam's moral character and his understanding of business ontology. Note that in the discussion that follows, the indentations are excerpted from the textbook referenced above.

Egoism

> If Sam is an egoist, he will choose the alternative that maximizes his own self-interest. If he defines his self-interest in terms of personal wealth, his personal moral philosophy may lead him to value a $25,000 commission more than a chance to reduce the risk of a bridge collapse. He may rationalize that there is a slim chance of an earthquake, that bolts would not be a factor in a major earthquake, and even if defective bolts were a factor, no one would be able to prove they caused the bridge to collapse.
>
> Egoism would allow Sam to place his personal interests above human life.

Utilitarianism

> After analyzing the costs and benefits of the situation, Sam might rationalize that building the bridge with his company's bolts would create more utility (jobs, unity, economic growth, and company growth) than telling the bridge contractor the bolts might fail in an earthquake.

A Utilitarian approach would allow Sam to make a profit while potentially trading the lives of the few for the convenience and / or financial gain of the many. Note that Utilitarianism takes on an entirely different meaning if one were to consider the utility created for society as a whole, rather than only for key stakeholders

Deontology

> [Sam] would probably feel obligated to tell the bridge contractor about the defect rate because of the potential loss of life that might result from an earthquake-caused bridge collapse.

Essentially, this approach enables Sam to shift the decision to use the bolts onto the bridge-builder but does not really free him and his company from the moral responsibility of knowingly providing substandard bolts should the contractor agree to purchase them. Midwest Hardware would find itself in a position similar to that of cigarette companies advising consumers that smoking might lead to serious illness or death but selling them the product nevertheless.

Relativism

> As a relativist, Sam would determine consensus before deciding whether to tell his prospective customer about the bolts' defect rate. The relativist Sam would look at his company's policy and at the general industry standards for disclosure. He might informally survey his colleagues and superiors as well as consult industry trade journals and codes of ethics.

Although this approach may help Sam to avoid censure within a particular social subgroup, achieving consensus within a closed loop that is undoubtedly rife with conflicts of interest and cognitive biases may not truly reflect the ethical

expectations of society at large. It would not be easy to justify loss of life by claiming that one's colleagues thought it would be okay.

Justice

> Sam would feel obligated to tell all affected parties about the bolt defect rate and the possible consequences in order to create a fair (just) transaction process.

The authors view justice as a condition or means for achieving fairness. This approach, whilst certainly commendable, may very well thwart Sam's business goals as it places justice and its outcome above commercial interests

Virtue

> If bolt salesperson Sam Colt were a virtue ethicist, he would consider the elements of virtue (such as honesty and trust) and tell the prospective customer about the defect rate and his concerns regarding the building of the bridge. Sam would not resort to puffery to explain the products or its risks, and might even suggest alternative products or companies that would lower the probability of the bridge collapsing.

Virtue Ethics would require Sam to act on the basis of virtues; but which virtues? Those espoused by Aristotle, or by Plato, or by Nietzsche, or by W.D. Ross, or by Benjamin Franklin, or by the Boy Scouts? From the myriad of available virtues, the authors list nine that support commercial activities which they sourced from an article written by Ian Maitland (1977) and from a self-improvement book by Gordon B. Hinckley (2001, pp. 165). Of these virtues, honesty and trust are said to be relevant to the scenario. But in addition to determining which virtues apply, the question is how virtuous does Sam need to be?

The bridge scenario demonstrates the difficulty of determining a prudent business action when there are serious ethical concerns. Sam's job is to sell bolts. He and his company would presumably like to do this in a way that is morally acceptable; if for no other reason than to avoid risk of public censure, recrimination and potential legal problems…not to mention the associated costs.

But in this example, poor Sam has six moral philosophies from which to choose and none of them are very helpful in achieving a socially acceptable balance between moral behaviour and profit-seeking. The most ethical solutions (justice and virtue ethics) are in conflict with business goals, and the solution that would seem to most certainly result in profit generation (egoism) allows Sam to completely ignore moral issues and the risk of any negative future consequences.

Whichever model Sam decides to use, his analysis and his decisions will be strongly influenced by personal and corporate systems of beliefs which may not be consistent with local values. This is likely to lead to a solution with limited acceptance by global stakeholders, because the behavior (action) called for may be culturally incongruent in host countries and thus difficult to implement.

7 Applying Practical Wisdom

Aristotle argued that no ethical theory can offer a decision-making procedure (Kraut, 2017). However, a decision-making model can be constructed which relies on ethics theory inputs. It is to this end that I propose a 3-step procedural model which employs Aristotle's concepts of Practical Wisdom (phrónesis) as an aid for formulating a course of action that represents the mean between unbridled profit-seeking on the one hand and blind adherence to moral imperatives on the other. That is, as a way of helping management to do the right thing at the right time, for the right reason and, with respect to diversity, in the right way (Bradshaw, 2009).

The following model presupposes that management would be willing to act on the basis of moral virtues if it believed the action to be consistent with personal, professional and corporate interests and if the process of integrating virtue was not too cumbersome.

Step-one

The procedure begins with a detailed examination of the business problem using a 5-step process model that should be familiar to all managers.

1. define the problem
2. determine the underlying key issues and boundary conditions
3. analyse the problem using appropriate business methods and tools
4. develop feasible alternatives, and
5. identify the alternative which best satisfies the key issues and boundary conditions.

In the case of Sam Colt, he may conclude that the action that most supports his personal and professional interests and those of Midwest Hardware is to proceed with the sale without mentioning anything about the defect rate of the bolts.

Step-two

Sam should now deliberate on what qualifies as adequate and practically realizable ethical specifications. That is, Sam needs to search for the best specifications, because as David Wiggins (1980) writes, "Till the specification is available there is no room for means." Accordingly, Sam must

1. identify applicable virtues on the basis of the eight principles given in the Global Business Standards Codex (Paine, et al, 2005)
2. determine actions which represent the two extremes of the moral spectrum; moral quintessence on the one hand, and moral insouciance on the other.
3. specify the middle path values for each relevant virtue and determine a way of achieving them.

Table 1: Formulating Actions that Represent the Moral Mean

Applicable Virtues	**Extreme of Deficiency**	**Specification of the Middle Path**	**Extreme of Excess**
Human Dignity[a]	Proceed with the sale and ignore public safety	Reasonably ensure public safety	Withdraw from the project out of concern for public safety
Transparency[a]	Do not reveal the defect rate; if asked, claim that the bolts meet all legal requirements	Explain how the bolts would be affected by the stresses of an earthquake	Reveal the defect rate; explain that although legal, use of the bolts would not be advisable
Citizenship[a]	Ignore any risks to the community	Reduce risks to the community	Eliminate all risks to the community
Integrity[a]	Ignore corporate core values and brand promises	Protect the image and reputation of the corporation	Abide by corporate core values and brand promises
Fiduciary Duty[a]	Ignore the wishes of the company directors; engage in self-dealing	Balance profit-seeking with concern for stakeholder relation-ships	Comply entirely to the wishes of company directors

[a] Paine et al., 2005

Step-three

After using his rational faculties to describe the two extremes and to specify the middle path, Sam can now fully employ Practical Wisdom to arrive at a morally excellent solution that advances Midwest Hardware's business interests in a way that is consistent with the needs and values of the community and act on it in a way that is culturally appropriate.

Drawing on insights gained through years of practical experience Sam's solution might be to tell the contractor that the bolts are all right to use, but because the bridge will be located relatively close to an earthquake zone, he would

recommend the use of high-strength bolts for the most critical parts of the bridge as a precautionary measure. He might go on to say that Midwest Hardware is prepared to include such bolts at no additional cost to the contractor. Sam will probably choose not reveal that Midwest Hardware will source the high-strength bolts from a competitor; but then he is not aiming for full transparency; rather just the "right" amount for this particular situation. There is of course a risk that the bridge contractor will ask Sam to provide high-strength bolts for the entire bridge. If that worries Sam, he can bring up the matter after the contract is signed; although that would shift the transparency norm closer toward moral indifference.

8 Discussion

Obviously, Sam's solution is neither morally nor commercially "ideal", but it achieves a reasonable balance between profit-seeking and moral acceptability in that it satisfices the issue of user safety, sufficiently explains how the bolts would be expected to react under the stresses of earthquakes of various magnitudes, helps to reduce risk to the community at large, and does not detract from the image of his company. The profit to Midwest Hardware will not be as high, but it will be adequate and equally important, morally defensible. And Sam was able to integrate virtue into his course of action through the use of standard intellectual processes without having to scan the horizon for applicable standards and norms, without having to apply difficult to understand moral philosophies and without wrestling with whether or not stakeholder impact outweighs moral imperatives.

If Sam's company and the bridge were located in another region of the world, the same values of the Global Business Standards Codex (Paine, et al, 2005) would apply, but the descriptions of total indifference, middle path and total concern might differ. That is, the core business virtues remain constant, but the behaviour required by them might be expressed differently in different cultures. And why not? Globalization does not require the homogenization of diverse cultural expressions; rather the harmonization of commonly held ethical values that underlie these diverse expressions.

9 Conclusion

Globalization has not only provided corporate management with new market opportunities, it has also allowed it to increase profitability by arbitraging legal, moral and cultural diversity. Thoroughly intoxicated and blissfully benighted by newly found sources of riches amassed from the exploitation of vulnerable populations and the plundering of non-renewable resources, some avaricious managements have forsaken virtue and pledged their fealty to mammon.

Nevertheless, after a number of highly publicized and very costly misdeeds by some particularly malignant managers, corporate managements are coming to understand that the blind pursuit of profit is not sustainable. For one thing, it erodes trust; which is the sine qua non of commerce. Certainly, nobody voluntarily engages in a business transaction with untrustworthy partners.

According to the Edelman Trust Barometer (2017), only 52% of those surveyed said they trusted businesses to do what is "right". The question is how to regain the trust of key corporate constituencies; i.e. public, employees, government agencies, NGO's, etc. Curiously, 75% of the respondents to the Edelman survey agreed that a company can take specific actions that both increase profits and improve the economic and social conditions in the community where it operates (Edelman, 2017). So, the most obvious step in rekindling trust would be to demonstrate a commitment to realigning profit-seeking with moral acceptance.

The application of Aristotle's intellectual virtues to the formulation of virtuegenic actions on the basis of a standardized codex can help management to quickly regain its equilibrium and thereby begin to restore stakeholder trust, primarily because it simplifies and standardizes the process of identifying, confronting and resolving ethical and social issues and translating them into culturally appropriate actions, whilst factoring profit-seeking into the equation.

Naturally, its effectiveness in balancing profit-seeking with moral acceptance depends on the individual manager's intellectual capacities and moral qualities, the relevance and the intensity of his/her practical experiences and the insights gained therefrom, his/her vulnerability to pressure from internal and external stakeholder influences, and of course, his/her willingness to engage in the pro-

cess; but then the same can be said of constructing and interpreting a SWOT diagram.

10 Postscript

According to Talmudic legend, a golem can be animated by inscribing the Hebrew word for truth (emet) on its forehead (Scholem, 1974). Removing the inscription effectively deactivates the golem, suggesting that the internalization of divine truth is fundamental to a golem's ablity to function. Similarly, actions taken by manager-guardians on behalf of the corporate golem must be grounded in truth, because truth is the foundation of the intellectual and moral virtues needed for taking "…the right path, at the right time, with reference to the right objects, towards the right people, with the right motive, and in the right way" (NE ii.6 1106b20).

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In a Nutshell – Practically Wise Recommendations

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In a Nutshell – Ten Practically Wise Recommendations

ONE: Happiness is attained by realizing one's potential as a human being through social interaction, the harmonization of the intellect and the emotions, the application of moral values, and the fulfilment of public and private duties.

TWO: Practical Wisdom requires intense deliberation from "out-of-the-box" perspectives. It also presupposes a cosmopolitan approach which nurtures an intercultural / transcultural mindset.

THREE: To create inspired business schools that promote and foster Practical Wisdom, there must be a shift in worldview from organization-centric to human-centric. Doing so establishes human dignity and well-being as the ultimate goal of business.

FOUR: To develop an inclusive space within an organization, it is first necessary to have a vision consistent with the organization's values followed by integrating diversity into the corporate culture and possibly into the local community, establishing enabling and monitoring systems, and mobilizing corporate and community resources

FIVE: Lateral leadership is a comprehensive organizational process that requires intra-personal and cognitive skills combined with social competence. Successful implementation requires that management act as a role model and as an innovative collaborator who prepares the medium that permits organizational change.

SIX: Organizational change is primarily driven by globalization, the failure of mainstream economic business philosophies, and new technologies. Integrating change can be facilitated by the application of Practical Wisdom and diversity in creating "change teams".

SEVEN: The profusion of spin, fake news, post-truths and alternative facts makes it difficult to draw clear distinctions between reality and fiction. For democracy to flourish there must be personal engagement by the public coupled with impartial, solutions-based journalism which serves as a trustworthy proxy between politicians and the public at large.

EIGHT: Practical Wisdom can be achieved through patient observation and interaction with one's fellow citizens. What at first may appear to be a rather lugubrious process, is actually a quick and effective way to understanding the subtexts of current thinking and long-term trends.

NINE: Practical Wisdom is an effective means of bridging the gap between management theory and practice as well as a useful tool for understanding and resolving complex problems, including diversity issues.

TEN: Traditional approaches for aligning morally acceptable behaviour with profit-seeking goals are based on weighing hazy rules against conjectured consequences, which often leads to cherry-picking the former and rationalizing the latter. The proposed solution is a versatile, easy to follow process model that pairs Aristotle's thought-virtues with a culturally-agnostic standardized codex of business-relevant virtues.

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Katrin Hansen is a researcher in the fields of Organizational Development, Women Entrepreneurs, Diversity Management, and Intercultural Management, Entrepreneurial Diversity, recently focusing more and more on the relation between CSR and Diversity On these subjects she published several books (some together with colleagues) and articles.

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