Management Education and Wisdom: What They Can Do For Promoting Sustainable Development?

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ABSTRACT Everyday we witness the improper behaviour of modern organizations. In this paper wisdom is proposed as the possible solution. Wisdom arises from the highest level of cognitive, emotional, moral and conative development of an individual and it can be perceived on the individual level as an ability to balance intrapersonal, interpersonal, and extrapersonal interests in the short and in the long term for the common good. The idea of wisdom is presented and applied within a three stage model of individual’s development. Four thinking skills, which are critically needed for wisdom development are presented and related to paradigm shift in management education.

Keywords: managing for the common good, moral management, philosophy in management, reason in practice

INTRODUCTION

... that research on wisdom will help develop useful tools to assist world and national leaders in the increasingly complex problems facing humanity. Many crucial decisions, from nuclear waste to water use, face leaders and policy makers each day. Thus, wisdom is not simply for wise people or curious psychologists; it is for all people and the future of the world.

(Sternberg 1990: 3)

Every day we witness the improper behaviour of modern organisations. Organisations change their business models, improve their profit levels, change and develop their products and technologies, but still they are not able and sometimes they are not willing to promote the common good by developing and delivering socially, economically and environmentally sustainable strategies\(^1\). Many organisations are not able to go beyond the sole interests of shareholders or, even worse, management. In the actual situation where our knowledge and moral stance are challenged by questions of climate change,

\(^1\) Within the context of organisational strategies, two broad realms of sustainability can be identified (Parnell 2008). Market sustainability refers to the extent to which a strategy’s success can achieve a desired level of financial performance while enduring current and potential changes across competitors and markets. In general, this form of sustainability is consistent with the Porter’s notion of ‘sustainable competitive advantage’. In
natural resource depletion, and economic recession human greed and self-interest that characterized managers are very often cited as the most important cause for development of this unpleasant situation. To some extent this is true. However, the point is that business as everyday life is full of dualities, dilemmas, and paradoxes, and this has not changed since the time of the ancient writings about the nature of the world and the conduct of life. These challenges cannot be solved by various managerial techniques, more complex business structure, modern information-communication systems, different business models and technologies.

An ability to solve existential paradoxes in life as well as in organisations relates to wisdom that can be defined as an application of tacit and explicit knowledge, mediated by values, to achieve a proper balance among intrapersonal, interpersonal, and extrapersonal interests, over the short and long term by adaptation to existing environment, shaping of existing environment and/or selection of new environments (Sternberg 2001: 231). However, even if we could agree that we need wisdom, it must be acknowledged that wisdom development is a difficult and long process. Wisdom demands a more sophisticated understanding of the world and being in it that includes critical, dialogical, dialectical and systems thinking instead of a clear unambiguous black-and-white or linear cause-and-effect thinking that underlies mental models of many managers as well as on which different management education programmes are built on (Bassett 2006).

This paper focuses on management education based on educating for wisdom. The paper is divided into four parts. The introduction is followed by a description of the model of wisdom development based on cognitive, affective, conative and moral traits. Given the space limitations, a truncated model is presented sketching the details of each individual trait. Based on the model’s suppositions main thinking skills students of the business school need to develop are presented as well as teaching methods to achieve them. The fourth and final part is the conclusion, in which guidelines are proposed for further studies in the future.

In contrast, environmental sustainability refers to the extent to which a strategy’s success is compatible with the firm’s general environment over the long-term.
WISDOM MODEL

To sum up many different definitions of wisdom (Ackoff 1996; Baltes & Staudinger 1993; Birren & Fisher 1990; Sternberg 1998, 2004, 2005), wisdom could be understood as a socially oriented practice directed to authentic, humane, and virtuous outcomes. Wisdom must incorporate reason and knowledge using fluid and crystallized intelligence. But it must also incorporate non-rational and subjective elements when making judgments. It must be articulate and aesthetic. But it must above all be practical. Wisdom provides a capacity to deal with uncertainty, mutability, and ineffability. The wise person must be intelligent and creative in different ways. The wise person is committed to humane values, and must balance personal interests with those of others. The wise person realizes the importance of long-term outcomes of actions taken today. The wise person is adaptable, but not capricious or vacillating.

These characteristics of the wise person can be reformulated according to the four dimensions of cognitive, affective, conative, and moral traits. Cognitive traits are abilities such as intelligence, or domain-specific knowledge and skills. Cognition is ‘generally associated with the question of ‘what’: (e.g., what happened, what is going on now, what is the meaning of that information’) (Huitt & Cain 2005: 1). Affective traits refer to personality characteristics (such as impulsivity, conscientiousness, extroversion). Affect is associated with the question “How do I feel about this person, object or information?” (Huitt & Cain 2005). Conative traits refer to motivation, interests, or more generally "will" (Ericsson, Charness, Hoffman & Feltovich 2006: 155). Conation is associated with the question “Why I tackled the issue in this way and not in another?”. Although not greatly researched, conation raises issues about the internal resources needed to ‘make decisions, respond actively, and exert self-control’ (Baumeister, Bratslavsky, Muraven & Tice 1998: 1263), and so affects volition and agency. Moral traits refer to moral awareness and moral judgment (Treviño & Nelson 2006). Morality is associated with the question “What is right and what is wrong?”

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Within the context of the proposed model of wisdom development, individuals progress from the lowest to the highest level of development along each of the four dimensions without retrogressing in doing so. That is, each level is a holon, a whole/part that is assimilated and further developed by the succeeding level, although at a given moment they may be only partially “within” the next level (Koestler 1967). The proposed model is based on Piaget’s (1969; 1971) theory of cognitive development; Kegan’s (1982; 1994) constructive-development theory combining Kohlberg and Piaget; Kohlberg’s (1969; 1981) model of moral development; Basseches’s (1984) theory of dialectical thinking, and Huitt and Cain’s (2005) study of conation. From these, I propose a three-stage model of individual development towards wisdom as follows:

1. **Preconventional stage**, in which the person is not aware of, or does not understand, the social expectations and rules, and is also unable to comprehend important objective and subjective (i.e. emotional and social) characteristics in specific circumstances. The individual makes decisions and takes action only in response to their physiological and psychophysical needs, or out of fear of punishment for not respecting the rules. The image of the world for a person at this stage of development is black-and-white, or bipolar, with only one pole being the right one for all people and all circumstances.

2. **Conventional stage**, in which the person submits to rules, expectations, and agreements because s/he is aware of and understands the social rules, expectations, and agreements. At this stage of development, a person most frequently has good intentions and acts appropriately with regard to the accepted social rules; however, the way in which that person’s own intent is manifested is most often inappropriate with regard to the given circumstances.

3. **Postconventional stage**, in which the person is aware that in social life there exist paradoxes and contradictions which cannot be resolved but only managed, and also that there are social rules, expectations and agreements, in accordance with which it is necessary to act. This

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2 The postconventional stage of development is based on three basic assumptions of postmodern philosophy as 1) reality is not in all way pre-given; in significant ways it is a construction, a subjective interpretation; 2) meaning is context-driven and contexts are boundless; and 3) cognition, which is integral, must privilege no single perspective (Wilber 1998).
individual is, however, aware that there do exist general and conventional moral principles (Turiel 1983). While the former are independent of the given socio-cultural context, and should be respected as they are, the latter are limited to a given social environment, and hence limited to a certain cultural space. At this stage of development, the individual is capable of reaching beyond the limitations of cultural space and of behaving in conformity with the general moral principles, even if this is not in accordance with the conventional moral principles (Treviño 1992). As said by Bassett (2006: 297) individuals fully ‘realize that their perspectives are local, partial, and dependent on context and cultural conditioning’. At this stage of development a person is also free from inner pressure and external claims. From a Stoic ideal perspective, a person achieves *kathothōma*, ultimate wisdom. The ultimate wise person is just as uninfluenced by the bad as by the good event (Kirkeby 2000).

This model supposes a wise person is an individual who has fully attained the postconventional level of cognitive, conative, emotional, and moral development. The postconventional level of development goes beyond the Piaget’s stage of formal cognitive development and for this reasons some authors used to label it as the post-formal level of development (Bassett 2005). Achieving this stage of development presents ‘a deep structural shift in basic premises of thought, feelings, and actions … a shift in consciousness that dramatically and permanently alters our way of being in the world’ (Morrell & O’Connor 2002: xvii). Here, it must be realised that the stages mentioned do not represent discrete states but developmental stages. At each stage, the individual gradually acquires increasingly more characteristics of an individual developmental stage, until s/he begins also to acquire the characteristics of a higher developmental stage. The model does not presume that we have a clear threshold value between each stage; instead, the individual’s development can be conceived as a continuum extending from the preconventional to the postconventional level of development. The question that can be raised now is how management education can help business students to achieve the postconventional stage of development. I believe the answer is not so much related to what business students think but how they think (Sternberg 2001).
THINKING SKILLS FOR WISDOM DEVELOPMENT

Management education for wisdom as a holistic experience

Business schools as the primary sources of management education must accept responsibility for developing skills that could help today’s and future business students to achieve the postconventional stage of development. This suggest a fundamental and pragmatic shift from the management education oriented to deliver factual knowledge about management, organisation, marketing, finance, production, information systems, economics etc. to the more integral approach of developing individual’s cognitive, conative, emotional, and moral traits. However as Nickerson et al. say (1985: 90-92) ‘intelligence relates more to the ‘raw power’ of one’s mental equipment. Raw power of intelligence is one thing, the skilled use of it is something else.’ There are than four types of thinking (i.e. critical, dialogical, dialectical, and systems thinking) derived from the proposed model that form the core of thinking skills needed for wisdom development. All four types of thinking contribute to wisdom development even if not in the same extent to each of the four traits. Critical and dialectical thinking contribute mostly to cognitive development (Basseches 1984; Braun 2004), dialogical thinking to emotional development (Treviño 1992), and systems thinking to moral development (Werhane 2002). Related to the above assertion by Nickerson et al. and based on the proposed model of wisdom development we can define thinking as an individual’s ability to use efficiently its intelligence for a common good.

In supporting wisdom development we as educators need to follow the basic assumptions of learner-centred education. We need to go beyond understanding learning process as a passive acceptance of knowledge that exists “out there” (Dewey 1968) and to which business professors are consecrated carriers. This stance is very well supported by pragmatist philosophers as Dewey (1964: 118) who says ‘knowledge only becomes knowing when it becomes related to something in one’s personal experience that enables you to possess and own it’, and Whitehead (1925: 178) who says ‘there is no substitute for the direct perception of the concrete achievement of a thing in its actuality’. What we
need than is a holistic experience that is not exclusively cognitive or external to students’ attitudes and feelings (Voparil 2007) and it offers an opportunity to hear and consider others’ viewpoints as well as to be responsible for resolving moral conflicts (Treviño 1992).

**Critical thinking**

Critical thinking is defined by Kurfiss (1988) as ‘judging the authenticity, worth or accuracy of something, such as a piece of information, a claim or assertion, or sources of data’. Critical thinking focuses on the justification, or set of reasons to support a conclusion (Beyer 1985). A student who thinks critically ‘can ask appropriate questions, gather relevant information, efficiently and creatively sort through this information, reason logically from this information, and come to reliable and trustworthy conclusions about the world’ (Schafersman 1991). Wisdom development demands a kind of thinking that promotes questioning of traditional beliefs and challenging of established dogmas, all characteristics that can be developed by critical thinking.

Business schools can approach critical thinking development by use of problem-based learning (i.e. case studies, “live” or applied projects), course-content-embedded learning (i.e. discussions, debates, guided questioning or scaffolding), and as an element underlying other pedagogies (i.e. critical theory, critical reflection, critical systems thinking) (Braun 2004).

Within problem-based learning the use of case studies has been made popular by the Harvard Business School which publishes detail case studies of the actual business situations together with teaching notes. This approach builds critical thinking in a stepwise fashion as prescribed by Bloom (1956) in his work *Taxonomy of Education Objectives*. Students move from understanding of the problem situation to comprehension, application, analysis, synthesis and finally evaluation of the case from multiple perspectives. Even if different authors as McEwen (1994) and Pithers and Soden (2000) support case studies as the most effective teaching method for developing critical thinking skills, a
hands-on experience as for example one developed by the Wharton School of Business where student
teams address actual corporate problems together with company employees seems to be a better
approach to critical thinking development. This assertion is supported by the stances presented above
of Dewey (1964; 1968) and Whitehaed (1925; 1933) as well as of Mintzberg (2004). They believe
that practical experience within companies is essential for thinking development. Based on their
positions can be understood that case studies can supplement hands-on experience but not replace it.

Key components of the course-component-embedded learning that promote critical thinking
development are active engagement of students, and an emphasis of thought processes rather than
simply concept learning (Katsioloudes & Tischio 2001). Guided questioning, classroom discussions
and debates can be accomplished by periodically stopping and asking students thoughtful questions
about the material you have just presented, and then wait an appropriate time for them to respond. The
important thing is to leave sufficient time for students to think about their answer before they state it.

Beside Socratic type of questioning students’ critical thinking can be further extended through one-to-
one coaching between professor and student (Bruning, Schraw & Roning 1999). This approach allows
the instructor to provide selective hints or questions that direct student thinking and provide
perspectives that he/she alone would not pursued (Braun 2004).

Other pedagogical approaches, including critical theory, critical reflection, and critical systems
thinking have their own theoretical underpinnings and objectives yet overlap with critical thinking
development (Braun 2004). One of the best business schools that use this kind of approach is
Warwick Business School in the United Kingdom that in its capstone course for senior
undergraduates applies a seminar structure, with student presentations and discussions of selected
readings and real-life case studies (Mingers 2000).
Dialogical Thinking

Engaging in dialogical thinking means to ‘take into account different frames of reference and various perspectives to find the best possible solution for all parties involved’ (Sternberg et al. 2009: 107). Sternberg et al. (2009) further explain this with an example of how one decision that in the short term seems to be the right it can come out in the longer term to be wrong (e.g. marketing expense or R&D expense cutting in time of economic recession) or if we change the position from the individual to the community (e.g. transfer of production to overseas low-cost countries). Wisdom requires one to see things not only from the standpoint of him/herself, but also from the point of view of other stakeholders (Sternberg et al. 2009). As within business there are only few systems or subsystems that do not entail a multitude of various individual, social, and political relationships they need to be analysed and understood from multiple perspectives and wise managers can do this better than unwise.

Dialogical thinking could be achieved by purposely developing circumstances in which students can continually express their views to others and try to fit other’s views into their own. The point is to stimulate a dialogue among students as they are able ‘to enter empathetically into opposing arguments and viewpoints, thereby examining their own thinking and recognizing its strengths and weaknesses’ (Davis & Davis 1998: 180). Dialogical thinking occurs through dialogue requiring the participants to go beyond merely active listening to confront with their own viewpoints, or the reasons for them. The purpose of dialogue is to reach a joint conceptual context, which enables complete understanding of the matter, and not to seek for that minimal difference in standpoints which the participants could accept.

To help students engage in what can be a true Socratic dialogue Paul and Elde (2000: 297) develop a useful framework based on different questions for origin (e.g. “Can you remember the circumstances in which you formed this belief?”), support (e.g. “Do you have any evidence for this?”), conflicts with other thoughts (e.g. “What do you think of this contrasting view?”), and implications and
consequences (e.g. “Wouldn’t we also have to believe that … in order to be consistent?”). These questions can help instructor to engage participants in what Lippman (1991) calls “thinking in community”.

**Dialectical thinking**

Asian dialecticism aside, in Western cultures dialectical thinking can be traced back to the writings of Plato. In modern times, dialectic has been a key element within the German philosophical tradition with best known Hegel's definition of dialectic as the three-step process comprising the movement from thesis to antithesis to synthesis. In the progression to the synthesis, the decisive turn regards the use of the antithesis as a motor of discovery and innovation (Ahuja et al. 2008). In other words, within dialectical thinking knowledge evolves through the interplay of conflict and its resolution (Kramer 1990). The importance of this type of thinking for business students was identified by Whitehead in 1933 when he wrote that we need to reject the assumption of a stable unchanging social system and prepare the young to face novel conditions and to acquire a deeper knowledge of the varieties of human nature (Whitehaed 1933).

Within management education dialectical thinking can be applied to business situations that have been depicted organisation as an either-or choice between two poles - centralisation vs. decentralisation, flexibility vs. efficiency, cost advantage vs. differentiation, shareholders vs. stakeholders orientation etc. Achtenhagen and Melin (2003: 309) defined these dualities as two distinct interdependent elements that are opposing and complementary at the same time. Between these two poles organisation is like a pendulum swinging from one pole to other depending on circumstances. The point that business students need to realize through dialectical thinking is that questions and their answers can differ at different times and location, and that the only constant in business is its continuous evolution.
Regarding wisdom that management needs to solve sustainable development issues, we have plenty of dualities that business students can think about. Consider just two of them that are quite typical. One issue is profitability vs. responsibility. Should profitability be emphasized because the provider of capital takes all economic risk, or should responsibility be emphasized because organisations are open systems, whose effectiveness and in the final stage existence is dependent on natural, human and financial resources available in the environment (De Wit & Meyer 2005; Handy 1994)? The second issue is profit in the long term vs. profit in the short term. When profit becomes a short term goal long term effectiveness can be jeopardized by short term efficiency and cost cutting. However a long term view can be also a risky issue. The question then is pure and simple: is a bird in the hand worth two in the bush?

**Systems thinking**

Because wisdom development necessitates ‘a complexity of mind that encompasses a sense of interdependence and contributions to the common good, rather than standing outside of it for personal gain’ (Bassett 2006: 2) we need to conceptualise it through systems thinking. Systems thinking can be defined as an ability to properly behave in the context of complex systems involving interaction and feedbacks. An individual applying systems thinking engages successfully and productively within the holistic feedback mechanisms of his/her environment by perceiving him/herself as part of a whole, which influence and is influenced by it. In simple term to think systematically means to put things into a context and establish the nature of the relationships among them.

By properly developing systems thinking business students can understand that there are some unchangeable basic rules in society and the biosphere, which we need to comprehend as to be able to change other more tangible details (Robért et al. 2006). However, even if details could be changed and basic rules not, it does not mean that details of the system are less important. Both are needed to be understood and properly developed if an individual and in the final stage the society as whole,
want to achieve *eudaimonia* or human flourishing. The achievement of this goal is the main reason for wisdom development.

**CONCLUSION**

In the last few years we have become aware of the human and natural crises we have collectively generated, and we have identified a wide range of options potentially available to address these crises. Wisdom development is one of them. Sadly business schools seems largely unaffected by the realities of modern society and in my opinion if they wish to overcome this situation they ‘need to encourage thoughtful, knowledgeable, compassionate global citizens’ (Senge, Scharmer, Jaworski, & Flowers 2004: 7) or to say differently they need to enable and support wisdom development of their students.

Experiential learning as developed by Kolb (1984) can represent a good base for development of education model, which can support development of all four types of thinking. However we need to consider in contrast to Kolb that ‘all experiences are mediated through our bodies and our cultural lens; there is no such thing as a “pure” or immediate experience’ (Brown 2009: 7) as well as individuals are not cast away and isolated from their fellow beings but in relation with them (Holman, Pavlica & Thorpe 1997). We than need to consider that reflection can be part of experience and not split from it, reflection can be both internal as well as external (i.e. challenged by others’ views), and knowledge learned as a content (i.e. not as way of thinking) limited to this situation, with these people, at this time (Brown 2009).

I acknowledge that it is not possible to teach wisdom, but do claim that it is possible to teach *for* wisdom (Hartman, 2006; Sternberg, 2001; Sternberg, 2004). Teaching for wisdom in business schools needs a sound pedagogic framework. This paper develops some points of departure on which this framework could be developed. In the future new pedagogical tools as well as methodologies need to be developed in support of management education, which holistically integrates the emotional, moral, conative, and cognitive abilities of an individual.
REFERENCE


