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Individual Ethics

The Virtue of Prudence

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In this chapter, we focus on practical wisdom, a characteristic proper to individuals. Practical wisdom is also called *phronesis* (Aristotle's term) or prudence (the term introduced by Thomas Aquinas that is in most use by those focusing on virtue). We do so from social science, philosophical, and theological perspectives on virtue. Practical wisdom or prudence lies in the interstices of intellectual and moral virtues—of the theoretical and the practical domains. Hence, it is very important for both management theory and management practice.

Social science findings are often of limited use when dealing with real-life problems (Flyvbjerg, 2001), and many human decisions deal with moral dilemmas. Prudence is directly pertinent to such problems and dilemmas (Statler & Roos, 2006) and responds to ambiguities in a way that traditional management science often cannot.

We begin by describing the concept of virtue and introducing some types of virtues. We situate wisdom and then practical wisdom/prudence within this discussion. We then consider examples of prudence and make some recommendations about how it may be developed.

Virtues and Practical Wisdom

There is growing attention to virtue on the part of social scientists, especially those concerned with positive psychology or positive organizational science.

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For example, Peterson and Seligman (2003) recently authored a handbook of character strengths and virtues. There was also a special issue on virtuousness in the journal *American Behavioral Scientist* (Fowers & Tjeltveit, 2003). In the introduction to that issue, Fowers and Tjeltveit (2003) suggested that although virtue is a relatively timeless topic, having been taken up in many forms during various historical eras, it is particularly timely during a period that has been convulsed by widespread corporate fraud, terrorism, and war.

Virtue ethics, an intimately related topic, has also received considerable attention recently (e.g., Fowers, 2003; McCloskey, 2006; Meara & Day, 2003; Richardson, 2003). Scholars who emphasize the importance of virtue ethics argue that, contrary to the utilitarian and Kantian approaches that have informed much modern ethical thought and that focus primarily on reason and decision making in particular situations, it is the overall quality—the overall virtuousness—of the person making ethical decisions that is most important. Thus, developing virtue in a person over the long run is particularly important for fostering ethical decisions in particular circumstances.

The Meaning of Virtue and Virtuousness

Cameron and his colleagues (Cameron, 2003; Cameron, Bright, & Caza, 2004) treated the topic of virtue from a positive organizational scholarship perspective. They associated virtuousness with what individuals and organizations strive to be when they are at their very best. They suggested that virtuous organizations enable and support virtuous activities—transcendent elevating behavior—on the part of their members. Virtuousness is associated with moral goodness, with humans' individual flourishing and moral character, and with social betterment beyond mere self-interested benefit. In fact, concern for others is a basic characteristic of prudence. Prudence includes "the ability of an agent to comprehend the distinctive nature of the other and adjust her conduct by potentially breaking the rule to satisfy the exception" (Durand & Calori, 2006, p. 99).

Cameron and his colleagues' discussion did not focus on the meanings of the particular virtues, although it alluded to them, and their depiction of virtue as transcendent elevating behavior was fairly general (Cameron, 2003; Cameron et al., 2004). More specific definitions are required, and referring to Aristotle's original definition is the appropriate place to begin.

In his *Nicomachean Ethics*, Aristotle (ca. 350 BC/2002) defined virtue as a disposition to experience passions (desires) and to perform actions in ways that lie between excess and deficiency. This is nearly a quantitative concept. Virtue is situated between too much and too little; it is present at the right time, on the right occasion, and toward the right people.

Aristotle (ca. 350 BC/2002) also claimed that human happiness consists in a life of virtuous activity; this is a primary reason why virtue is so important.

Happiness for Aristotle is not understandable without the idea of virtuous action even when this means to restrain desire or endure pain. Therefore, virtuous acts bring happiness even when they involve struggle. This is, of course, a different kind of happiness from mere hedonism (Waterman, 1993).

Based on the work of Aristotle and its later development by Thomas Aquinas, Keenan (1995) defined the task of virtue as “the acquisition and development of practices that perfect the agent into becoming a moral person while acting morally well” (p. 711). In other words, being a virtuous person occurs only if one is acting virtuously, and each of our major decisions moves us in the direction of being more virtuous or not. Virtue is in an evolving spiral with virtuous behavior; it presupposes excellence of character and fosters it. This does not mean that everyone who performs one prudent act has an excellent character. It does mean, however, that character helps to foster prudence and that prudence fosters character over the long run. This same idea is present in contemporary educational philosophy. For example, Dewey (1956) argued persuasively about the principle of continuity of experience; any experience a person faces in life modifies the person’s character, and this modification affects the quality of future experiences. It does so in two ways: by affecting positive or negative attitudes toward another similar experience in the future and by modifying the person’s skills or abilities to be able to grasp a new and more complex experience in the future.

Fowers and Tjeltveit (2003), speaking from a psychological perspective, added that virtuousness is learned as part of a community and that society helps to define what is worthwhile and admirable. From a virtue ethics perspective, the individual’s good is always tied up with the communal good. Individuals can truly flourish only in a setting that provides adequate safety, freedom, chances for meaningful activity and self-expression, and the possibility of friendship. Thus, virtue is not solely an individual trait or accomplishment, and what virtue means in one communal context might not be identical to what it means in other contexts.

In fact, as Tsoukas and Cummings (1997) pointed out, Aristotle’s conception of virtuousness is linked with a teleological view of the universe where individuals and objects are defined primarily in terms of the purposes or roles they have in society. Hence, virtuous behavior cannot be understood in a social vacuum; rather, it depends on the context in which the person is located. “A teleological understanding of human beings conceives of them not as ahistorical selves or abstract individuals (this is a much later modern invention) but as persons defined by their social, cultural and historical circumstances” (p. 670). Hence, discussing prudence involves bringing in the idea of a person’s community, with all its shared conventions, norms, and standards.

In summary, there are several important aspects of virtue to consider. One is that although individual acts may reflect virtue, it is the individual person—the whole of the individual person—who is virtuous or not. Second,

virtuous behavior, in theory and intent at least, makes people happy. Third, virtuousness occurs only within the context of a larger community in particular historical circumstances.

Types of Virtues

Multiple categories of virtues exist, for example, theological virtues and virtues associated with particular professions such as compassion for medical personnel, hospitality, and thoughtfulness for academics (Meara & Day, 2003). One category scheme developed by Aristotle (ca. 350 BC/2002) that is particularly important for our purposes includes intellectual and moral virtues. Aristotle divided the intellectual virtues into the theoretical or *speculative* virtues—understanding, knowledge, and wisdom—that are ordered to knowing for its own sake and the *practical* virtues that have either doing (prudence) or making (art) as their end.

Briefly, *understanding* perfects the intellect in its grasp of true principles, the *sciences* perfect the intellect in its grasp of the truths derived from those principles, and *wisdom* perfects the intellect in its grasp of the highest causes. Thus, within Aristotle's framework, wisdom is one of the intellectual virtues. It is oriented toward truth on a theoretical plane and is linked with understanding and science.

However, the presence of the intellectual virtues, including wisdom, does not guarantee their virtuous use. For example, a social scientist may deliberately misread the listed significance of a statistical test in a computer printout, thereby being deceitful about the results of a statistical analysis, or the social scientist may fail to cite particular references, thereby giving the impression of having composed something that someone else created.

For their proper use, the intellectual virtues require the virtues centered on practical activities—on things made and actions performed. *Art* is concerned with bringing something into existence and is illustrated in contemporary design approaches (e.g., Boland & Collopy, 2004). *Prudence* is concerned with deliberating well about what is good and advantageous to oneself, others, and life as a whole. It includes both a disposition and an ability to take action concerning human goods.

For Aristotle (ca. 350 BC/2002), prudence was also a moral virtue along with *temperance*, *courage*, and *justice*. He emphasized that the moral virtues, in contrast to the intellectual virtues, make their possessor a good person; the moral virtues cannot be used for evil purposes. For example, some people might disagree about whether acting courageously in a particular situation is good, but that does not diminish the courage shown.

The Importance of Prudence Virtues

Prudence is the link—the bridging virtue (Peterson & Seligman, 2003)—between the intellectual and moral virtues. Aristotle (350 BC/2002) insisted

that “it is not possible to possess excellence in the primary sense without [prudence]” (p. 189) because prudence is the capacity to pursue what is worthwhile in a way fitting to a specific situation. Unlike the intellectual virtues, practical wisdom, or prudence, cannot be misused for evil purposes because it is closely aligned with and drives the moral virtues. It is the (sole) virtue able both to recognize the intended ends of people’s natural leanings and to bring them to realization through virtuous activity; it determines what it means to act justly, temperately, and courageously in specific situations. It strives for the mean in the sense of optimal moderation between extremes of behavior (neither impulsive, rash, ill-considered, impetuous behavior nor rigid, brittle, stubborn, inflexibly rule-governed behavior) (cf. Peterson & Seligman, 2003).

The material presented here makes evident how practically important prudence is. From a philosophical perspective, it has been recognized as crucial for millennia. It is only recently, however, that in the name of prudence, *phronesis*, or practical wisdom, is beginning to be included in management writing (e.g., Clegg & Ross-Smith, 2003; Durand & Calori, 2006; Oliver & Roos, 2005).

But prudence is crucial in management, as three illustrations of prudence, or the lack thereof, make evident. Antonio Fazio, the governor of the Bank of Italy, has acted in several ways that have been reported to be clearly unethical and imprudent (e.g., “Please Go,” 2005), including his resistance to banking reforms after the Parmalat scandal and his inappropriate intervention in bids to purchase Banca Antonveneta. Alberto Vilar (“The Man,” 2003), cofounder of the U.S. fund management firm Amerindo, demonstrated a more subtle lack of prudence. He made several large philanthropic pledges that he was not able to meet, and as a result some of the recipients of his pledges needed to retract public commitments they had made. On the other hand, Robert Stiller and Green Mountain Coffee provide an illustration of prudent action (“Q&A,” 2002). Green Mountain Coffee has been heavily involved with fair trade coffee in different parts of the world, especially in South America (e.g., Spragins, 2003). They are doing this partly to foster sustainability. Stiller described his motives as follows: “We help the farmers grow better coffee. We help the local environment which also helps our product. We help the community. If we have a stronger community with more services it will help our employees as well as others” (“Q&A,” 2002, p. 13).

In this chapter, we hope to rectify the comparative lack of attention paid to prudence in management and organizational literature. Within the context of the crucial emphasis of prudence on seeking the good, we discuss prudence as including (a) emphasis on a specific situation rather than on general laws; (b) attention to conflicting, complex, and sometimes contradictory pulls of a situation, including decision making and action when there are not clear parameters; (c) responses as whole people, including emotions, actions, and character; and (d) importance of learning through experience.

Prudence in Management

Emphasis on a Specific Situation Rather Than on General Laws

Prudence applies to specific situations; it cannot be expressed adequately in general laws. Just as the Greek notion of *Kairos* referred to understanding the right time to take some particular action (Bartunek & Necochea, 2000), prudence requires sensitivity to the right action for a particular occasion. This is an important point and a crucial distinction between the work of Aristotle and many other philosophers. McCloskey (2006), for example, described how some philosophers, such as Kant and Bentham, focused on virtue as a type of general rule applicable to all situations. But Aristotle was concerned that knowing general abstract rules often does not help someone to act in a specific situation.

Fowers (2003) argued that prudent action begins in the capacity to discern what is at stake in a given situation for the ends people seek and on a practiced acuity in focusing on the most relevant of the multiple elements of a situation in such a way that its appropriate concerns are activated. Nelson (2003) emphasized that prudent judgment needs to be sensitive to the vagaries of particular changing situations: "Anything capable of [complete] expression in sets of equations or comparable theoretical forms would be too regular, too predictable, to count as prudence" (p. 229). Similarly, Tsoukas and Cummings (1997) argued, "When facing practical matters, whether one is acting wisely or not depends on one's readiness not just to calculate the timeless demands of intellectual formulae, but also to take decisions *pros ton kairon*—that is, as the occasion requires" (p. 667). Thus, for example, philanthropic efforts that assume resources the philanthropist expects to gain, as in the case of Vilar ("The Man," 2003), are not sensitive to the right action for a particular occasion.

The kinds of situations that call forth prudent responses include tragic situations such as terrorist attacks for which it is impossible to prepare (e.g., Dutton, Frost, Worline, Lilius, & Kanov, 2002). They may include occasions in which managers must create "necessary evils" through which they cause harm to others, which they ought to do in a way that enables organizational members to handle them as well as possible (e.g., Frost, 2003; Molinsky & Margolis, 2005). They also include situations in which ethical behavior might not be of immediate benefit to the person, as in the case of Fazio and the Bank of Italy ("Please Go," 2005).

Prudence is also a matter of everyday affairs; common daily problems often require it. Gosling and Mintzberg (2003) argued that companies need "down-to-earth" managers with good knowledge of the self, of one's relationships and their context, and of how to undertake action sensibly in addition to analytical thinking skills. In a brief letter to those with masters of business administration (MBAs), Mintzberg and Sacks (2004) argued

that management depends considerably on craft and art and that these are acquired by experience. Management requires attention to small details, to local contexts, and to different worldviews (Gosling & Mintzberg, 2003).

The ability to take action that responds appropriately to a particular situation may be seen in the actions of expert professionals (Schön, 1983). Halverson (2004) illustrated such knowledge on the part of effective school administrators who rely on their sense of the local situations to determine, for example, which teachers would be best for dealing with specific concerns that arise. Stiller and Green Mountain Coffee seem to be demonstrating it with regard to coffee growing in poor parts of the world ("Q&A," 2002). Schön's (1983) experts have a repertoire of known situations and knowledge of how to deal with them. These guiding principles (Oliver & Roos, 2005) are mainly tacit and are acquired from experience and from repeatedly hearing other experts' stories about dealing with similar situations (Orr, 1996). This does not mean that people who act prudently ignore general laws. Rather, as Flyvbjerg (2001) suggested, prudence involves the capacity to flip back and forth between the requirements of a local situation and more general laws applicable to many situations.

Attention to Conflicting, Complex, and Sometimes Contradictory Pulls of a Situation, Including Decision Making and Action When There Are Not Clear Parameters

In many situations that decision makers face, there is not one clear good decision. There are multiple considerations, and some of these are contradictory; pursuing one aim may undermine or compromise efforts to attain others. Prudence is associated with recognizing the contradictory characteristics of a situation (Hariman, 2003) and, to the extent possible and appropriate, achieving its multiple and contradictory objectives. In fact, prudence is most likely to be called for in situations that are conflicting, complex, and contradictory. In situations that are unambiguous, it is much easier to determine the best way to act.

In his definition of practical wisdom, Sternberg (1998) referred to the need to balance interpersonal and extrapersonal interests, over both the short and long terms, as well as to achieve a balance among adapting to existing environments, shaping them, and selecting new environments. Durand and Calori (2006) asserted that prudence includes the capacity to truly distinguish the concerns of the self from the concerns of others. Prudence involves the ability to deal with complexity on multiple levels, including distinguishing between one's own and others' interests and attending to multiple aims and interests.

There have been similar discussions by others. Russell (1995) argued that wisdom lies in the "capacity to take account of all the important factors in a problem and to attach to each its due weight" (p. 160), even in very

complex and contradictory situations, and Weick (2003) suggested that to act with wisdom is to be wary of simplicity and to both acknowledge and doubt what is known. People who exemplify prudence are able to deal with multiple goals and to hold and combine them in ways that are productive as well as possible in a given situation. Peterson and Seligman (2003) described prudent individuals as capable of harmonizing “the multiple goals and interests that motivate them, forming these into a stable, coherent, and unconflicted form of life” (p. 478). Baltes and Kunzmann (2004) showed that wisdom’s functional consequences involve praxis-related behaviors: judgment, advice, and commentary in difficult and uncertain matters of life and life conduct. They also argued that achieving a coordination of the personal and common good is fundamental to wisdom.

This type of decision making differs considerably from the types of research-based prescriptions that academics are often most able to make. The findings of academic studies often lead to primarily linear sets of prescriptions, although these may sometimes include explicitly articulated contingencies (e.g., the path-goal theory of leadership). However, what we have been discussing are situations in which straightforward prescriptions are inadequate for guiding behavior.

When analyzing the reflection-in-action patterns of successful professionals, Schön (1983) realized that part of their artistry consisted in their seemingly effortless ability “to hold several ways of looking at things at once without disrupting the flow of inquiry” (p. 130). Thus, in one of his examples, an architecture student has a problem that involves apparently conflicting elements. On the one hand, there is the shape of the building she wants to create; on the other hand, the shape of the ground where the building is supposed to fit but does not seem to do so. Schön showed how the teacher—the expert architect—starts trying out different small changes in the design through several mental “what if” experiments. Some of these experiments seem to “work” somewhat, and some do not. The mental experiments are justified by the eventual discovery that a particular new geometry “works slightly with the contours”; yields pleasant nooks, views, and soft back areas; and evokes in the situation the potential for a new coherence (p. 95).

Schön’s (1983) description suggested several ideas for how prudent behavior in complex situations may be enacted. First, when there are multiple goals or when essential elements conflict, people who are prudent try out new designs or frames to see what happens. This is similar to contemporary design approaches proposing that people try out various solutions to problems rather than assuming that one is completely correct, especially on the first try (e.g., Romme, 2003; van Aken, 2004). Second, Schön showed how the expert is able to try out new designs by relaxing the requisite of fitting the building on the slope completely. When multiple goals or values are present, the expert has the ability to temporarily weaken some goals and give priority to others to see what happens. Third, it is important

to have an overarching value, that is, a recognition of the good appropriate to this situation that guides experimentation with the different ideas.

The ability to see situations in new ways that allow the combination of multiple conflicting goals is useful not only in dealing with professional practice problems but also, and perhaps more important, in dealing with other humans. Russell (1995) emphasized this in the following example:

Consider the case of two men, Mr. A and Mr. B, who hate each other and, through mutual hatred, bring each other to destruction. Suppose you go to Mr. A and say, "Why do you hate Mr. B?" He will no doubt give you an appalling list of Mr. B's vices, partly true, partly false. And now suppose you go to Mr. B. He will give you an exactly similar list of Mr. A's vices with an equal admixture of truth and falsehood. Suppose you now come back to Mr. A and say, "You will be surprised to learn that Mr. B says the same things about you as you say about him," and you go to Mr. B and make a similar speech. The first effect, no doubt, will be to increase their mutual hatred, since each will be so horrified by the other's injustice. But perhaps, if you have sufficient patience and sufficient persuasiveness, you may succeed in convincing each that the other has only the normal share of human wickedness, and that their enmity is harmful to both. If you can do this, you will have instilled some fragment of wisdom. (p. 161)

Responses to Complex Situations as Whole People, Including Emotions, Actions, and Character

The previous two sections considered characteristics of situations in which prudence is called for and illustrations of what prudence might mean in such situations. As we noted earlier, however, it is important to consider the person as well as individual acts.

Some psychologists have advocated that what distinguishes wise individuals from others is their ability to integrate aspects of cognition, affection, and conation in their judgments (Orwoll & Perlmutter, 1990; Pascual-Leone, 1990). For Aristotle and others, prudence, or practical wisdom, is embodied in character. Durand and Calori (2006) focused on people who are practically wise, that is, who do not just act wise in one particular situation. In other words, prudence involves not solely intellectual or cognitive approaches to a particular situation; it includes emotions and character as well. An assumption of some philosophers (e.g., Plato) that reason is sufficient for ethical decision making is highly questionable (McCloskey, 2006). It ignores multiple other dimensions of human experience that affect behavior.

Fowers (2003) emphasized that emotional responses are central to virtue, and this is particularly the case with regard to the moral sensibilities required for prudence. Experiencing the feelings that are appropriate in a

given situation is a mark of virtue. Consistent with his emphasis on virtue as the “mean,” Aristotle (ca. 350 BC/2002) stated that emotions may be felt both too much and too little—and in both cases not well. But to feel them at the right times, with reference to the right objects, toward the right people, with the right motive, and in the right way, is what is both intermediate and best, and this is characteristic of virtue (see also Fowers, 2003). This is particularly important when we are assessing a complex situation (e.g., Seo, Barrett, & Bartunek, 2004); emotions will have strong impacts on our judgment about it.

Intellect and emotions are necessary, but not sufficient, for prudence. Durand and Calori (2006) presented a lengthy discussion of people who are practically wise. The characteristics of such people include the ability to comprehend the distinct nature of other people and to act accordingly. Practically wise people are also characterized by moral exemplarity and reciprocity; that is, they are able to recognize others’ judgments as of value and subsume their own goals and actions under others’ abilities to accept them.

Importance of Learning From Experience

People are not born with prudence. As Halverson (2004) noted, the skills associated with prudence need to be learned and practiced, and only then will they become habits manifested in action.

Developing excellence of character includes, as noted earlier, complex understanding, affective awareness, and strength of character. These require considerable experience. But experience alone is not enough. Excellence of character also requires a self-reflective capacity through which agents can consider the degree to which they are acting for the right reasons (Fowers, 2003). These kinds of learning may be facilitated by mentoring (e.g., Baltes & Kunzmann, 2004) from someone already skilled in the virtue. They may also be facilitated by hearing stories of situations where practical wisdom is lived out, accompanied by descriptions of carefully developed guiding principles (McCloskey, 2006; Oliver & Roos, 2005).

Stories and the academic use of them in case studies may be helpful in learning prudence. However, Sternberg (1998) noted that training that goes beyond case studies may be necessary; case studies do not require the student to be emotionally involved with the situation, a feature that is needed for practical wisdom to be acquired and practiced.

Statler, Roos, and Victor’s (2006) work with the Center for Catastrophe Preparedness and Response (CCPR) illustrates this very well. The CCPR was created at New York University as a response to the 9/11 catastrophe in 2001. Its mandate was to analyze best practices in preparedness and response and to develop case studies and training materials for emergency personnel nationwide. The authors showed how the CCPR soon realized that, despite the fact that the detailed analysis of the causes of past events

such as 9/11 were relevant to prevent the occurrence of future ones, training aimed at increasing preparedness in the eventuality of a future catastrophe of the same magnitude also needed a more integrated approach with real simulations. These would require decisions made on the spot and under emotional pressure. Experiential learning, whether direct or virtual, is particularly valuable for developing prudence.

Best Practices for, and Illustrations of, Practical Wisdom in Action

We have proposed that prudence has at least four important features, namely that (a) it responds to the demands of a complex situation; (b) it is activated when there are conflicting, complex, and sometimes contradictory pulls; (c) it includes the whole person, including intellect, emotions, actions, and personal character; and (d) it is learned (or not) over time. Here we provide some examples that are pertinent to each of these features.

We have already referred to some of Schön's (1983) illustrations of prudence in practice. We use a more extended example here. Schön described how Dean Wilson, a traditionally trained industrial systems engineer, tried to use some of his knowledge on process flow models to tackle the issue of malnourishment while working at a university in Colombia. His original use of the process flow model, where he conducted analyses using the model to convince others, was a failure. After this experience, Wilson "began to conceive of the nutrient flow model not as a general technique of diagnosis for use by outside experts but as a framework of analysis with which community residents could set and solve their own problems of malnourishment" (p. 195). He then started teaching the basic logic of nutrient flow models and the logic of experimenting to a group of high school students so that they could bring these same ideas into their communities.

In this brief example, Wilson adapted his abstract knowledge to a particular context that was very far from the traditional contexts to which he had been accustomed, and he did so through an original framing of the problem he was addressing. Rather than imposing his knowledge on others, he taught them the necessary skills to apply the knowledge themselves. His work illustrates reciprocity, one of the characteristics of prudence (Durand & Calori, 2006). He showed sensitivity to the community problems beyond his own self-interest.

Schön (1983) also gave an example of nonprudent behavior. He described a town planner whose job was to review proposals submitted by private developers. Schön provided the discussion that the town planner had with one of these developers who wanted to remodel an apartment building he owned. In the discussion, the town planner tried by all means to force the developer to accept all of the conditions that the town planner had in mind

but that he never disclosed in the conversation. The town planner's role was supposed to be based on giving advice, but he was concerned only with maintaining his reputation and trying to make as few concessions as possible to the developer. If the town planner had wanted to act prudently, he would have attempted to work with the developer to balance the developer's legitimate claims and the city's regulations and needs. However, he did not do this.

Durand and Calori (2006) provided two additional contrasting examples of prudence in their comparisons of how executives of two major American airlines, United Airlines and Southwest Airlines, reacted in the aftermath of the 9/11 catastrophe. Southwest, faithful to its policy of no layoffs, started a program collectively organized by employees in which workers worked and contributed to a pool of hours for free so that no one was forced to leave the company. In contrast, United paid \$35 million to three retiring executives and laid off 12,000 employees. United's chief executive officer declared that 9/11 allowed the airline to downsize in ways that would have been impossible otherwise. Durand and Calori noted that whereas Southwest's response illustrated reciprocity and moral exemplarity, United's response did not. Southwest recovered in less than a year, whereas United declared bankruptcy in 2003. Implicitly, Durand and Calori suggested that acting prudently may bring benefits in the long term, even if doing so may be more risky in the short term.

Flyvbjerg (2001, 2002) offered another example of prudence. His example is based on his own research on a major urban renewal project in Aalborg, Denmark. The project was intended to remodel the historic city center and make it solely pedestrian, radically improving environmental protection and enhancing public transport. Flyvbjerg's research indicated that the plan had a good chance of accomplishing these aims. However, the local aldermen privately opposed the project, fearing that it would reduce shopping in the area. When Flyvbjerg took initiative to challenge the aldermen publicly, they in turn challenged the ability of his data to support his claims. He submitted his data for scrutiny to the aldermen, who soon apologized. Flyvbjerg (2001) argued that researchers who are striving to be prudent sometimes need to take sides on the part of those with less power in a situation if the situation demands it.

In both the airline and Aalborg examples, one or more people acting prudently tried to attend to the different interests and pulls of their situations in creative ways that aimed at fostering the overall good of their communities. In neither case did being aware of the complexity of the situation lead to inaction. Rather, it involved taking appropriate action based on values of solidarity and common good.

Acting prudently is not without risks. Flyvbjerg (2001) described how the aldermen tried to publicly discredit his work. In Wilson's case (Schön, 1983), the community valued his teaching methods positively until his students started questioning a mayor's policy initiative. At that point, the local coffee planters started complaining about what was being taught to the students and tried to stop Wilson's work.

These actions and the responses they elicit help to highlight the moral dimension of prudence. In conversation, prudence is often linked with terms such as *realistic*, *personal cautiousness*, and *social conformity*. People sometimes use the term to rationalize inaction or to justify flagrant self-interest or rank careerism. These meanings are not, however, consistent with prudence as a virtue and as a crucial link between the intellectual and moral virtues.

We finish this section with another example from a business case. Statler and Roos (2006) discussed the consultant facilitation of two retreats in a multinational company that was attempting to start a major strategic change initiative. The objectives of the change were to increase coordination among different departments and to achieve a more global vision among country managers that shifted from a self-centered focus on sales to a general management perspective.

Although a strategic reorientation was much needed and the will to try to change self-interested behaviors into more interpersonal ones was very much in line with prudence, the change was not successful. Statler and Roos (2006) argued that although the change purpose was practically wise, the way in which it was carried out was not: "It was a top-down effort, designed by consultants who did not work for the organization, and presented to the . . . employees just like all other strategic efforts: something that they had to comply with and support sooner rather than later." This example shows that a good purpose for a change is not enough to consider it as practically wise; how actions are carried out is a crucial component.

Additional Thoughts on Acquiring Prudence

In our previous discussion, we suggested several ways a person can develop prudence. The most cited source of practical wisdom is reflected-on experience. In addition, dialogue and discussion of case studies, narratives of prudent behaviors, and experiential learning all are appropriate (Clegg & Ross-Smith, 2003; McCloskey, 2006; Sternberg, 2001). We build a bit on that discussion here.

Aristotle (ca. 350 BC/2002) considered that only aged people could be wise. In the *Nichomachean Ethics*, he stated that "the objects of wisdom also include particulars, which come to be known through experience, and a young person is not an experienced one; for it is quantity of time that provides experience" (p. 183).

Since Aristotle, it has been more recognized that not all experiences are truly educative in terms of prudence and that age alone does not guarantee its development. Psychologists point to the quality of experiences and, more important, to how the individual faces these experiences as being more important for wisdom than age alone. Peterson and Seligman (2003), for example, noted that "studies have largely failed to find age-related differences in self-ratings of wisdom among individuals . . . or in wisdom-related

performance”; rather, the development of perspective in individuals “is a function . . . of life experiences and how people respond to them” (p. 189).

The idea that the type of experience is key to prudence finds grounding also in the works of Dewey (1956) and Schön (1983). According to Dewey (1956), only those experiences that lead to growth are truly educative (or, in our context, conducive to prudence). Dewey’s criterion for whether an experience is conducive to learning or not is how the following question is answered: “Does this form of growth create conditions for further growth, or does it set up conditions that shut off the person who has grown in this direction from the occasions, stimuli, and opportunities for continuing growth in new directions?” (p. 36). Dewey used the example of a burglar. It is clear that one can grow as a burglar, but this will shut off growth as a person in other directions.

Even practitioners who exhibit artistry in how they deal with situations engage in continuous learning. In his analysis of practitioners’ interactions with novices in search of advice, Schön (1983) showed that expert practitioners have a “repertoire of examples, images, understandings, and actions” (p. 140) that allow them to see a unique case as something both familiar and unfamiliar at the same time. To some extent, experts approach problems by seeing them as situations already present in their repertoires, even though each situation has some unique features that will add to their existing repertoires. Schön stated, “Reflection-in-action in a unique case may be generalized to other cases, not by giving rise to general principles, but by contributing to the practitioner’s repertoire of exemplary themes and guiding principles (Oliver & Roos, 2005) from which, in the subsequent cases of his practice, he may compose new variations” (p. 140).

The fact that experts have been in touch with many different kinds of unique situations in the past gives them a special sensitivity for seeing old patterns in unique cases and for quickly associating certain responses with them. To develop practical wisdom, novices should approach as many unique cases as possible to build their own repertoires. They also need to be free to creatively experiment with solutions to problems that are based on analogous experiences they have had in the past.

Dewey (1956) suggested that it is the obligation of more mature or wise individuals to use their greater insight in organizing the experiences of those they mentor. This does not mean an imposition of the personal values and goals of the mentor; rather, it means the provision of some structure and guidance so that apprentices develop their own professional personalities, so to speak. Such an approach to mentoring is an illustration of prudence.

Prudence and Academic Work

Can the work of academics help other people to develop practical wisdom? Most knowledge linked to prudence is tacit (Sternberg, 1998), and most knowledge produced by academics is a combination of different types

of explicit knowledge, even including writing for practitioner journals (Rynes, Bartunek, & Daft, 2001). Thus, it is possible to conclude that academia has little to offer, as it stands, for practical wisdom. Nelson (2003), for example, argued that few academic accounts generate the narrative drive to probe the details of plausible characters in complicated settings and that, rather, stories do a better job of this. Detective stories in particular provide models of navigating complex situations in narrative form.

For prudence to be addressed adequately in management research, it would be helpful for academics to pay more attention to the work of practitioners so as to understand how they approach the dilemmas they encounter. Oliver and Roos's (2005) article is a good illustration of this, as is Schön's (1983) work. In addition, if academics want to pay more research attention to how prudence may be manifested in practice, it might be necessary to expand on some of the language traditionally used in scientific publications. Prudence is evoked in messy situations, and attempts to portray it as a clear-cut construct that can be easily generalized and operationalized in such settings are limited in their impacts on practice. More ethnographic research that contributes thick descriptions (e.g., Oliver & Roos, 2005) may be particularly useful. Moreover, skillful understanding of situational nuances may be something that managers can help researchers to learn.

Finally, what about our own actions as management scholars? Flyvbjerg (2001) suggested that social scientists are, on average, no more astute or ethical than anyone else. What might it mean for us as academics to act with practical wisdom in our own profession, especially our own teaching, instead of limiting ourselves to studying what practical wisdom means for others? Meara and Day (2003) discussed this issue for psychology professors. They commented, "The subject matter of psychology is often not only uncertain but also personal and thus very meaningful to students. What is said or written can be easily misunderstood, inappropriately overgeneralized to others, or mistakenly singularized to self" (p. 467). They described several approaches that professors should take to teaching, including being careful about the strategies they take to present sensitive subjects and tactfully answering questions that deal with misunderstandings. Meara and Day also described boundary issues of which psychology professors should be aware. For example, in discussions of mental illness, they should take care that students are not revealing personal or family information in a way that may prove to be embarrassing.

We management professors also end up dealing with delicate topics in our classrooms. We may deal with issues about which students as persons feel very sensitive, perhaps especially in diversity classes. We may deal with sensitive issues about the organizations or occupations in which students or their family members work, or groups in which they are carrying out projects. Professors' awareness of the kinds of classroom situations that call for prudence and attempts to handle such complex situations with prudence may help to make us more sensitive to the prudent activity of others.

In addition to how we act in class, as management researchers we may be called to deal with values issues in our own research. These might have to do with, among other things, what we choose to study, the perspective we take on what we are studying, and what we do with the findings of our research.

Flyvbjerg (2001) provided one template for researchers who want to be aware of the practical wisdom of their own research. This template includes asking three key questions (p. 364):

1. Where are we going?
2. Is this development desirable?
3. What, if anything, should we do about it?

These questions direct researchers not to conduct value neutral research but rather to focus their work on values and attention to what is desirable, with the hope that one outcome of the research can “increase the capacity of employees and managers to think and act in value-rational terms” (p. 367).

Conclusion

In this chapter, we have considered prudence within a context of virtue. Treating it in this way has made evident that wisdom, especially wisdom expressed in action, has a moral dimension, something that many discussions of wisdom ignore. This moral dimension is crucial for giving guidance to wisdom considered solely as an intellectual trait.

In other words, wisdom has a practical side, one that goes by the name of prudence. It is important for practitioners and academics alike, not only for work and research purposes but also as a guide for how to live.

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