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Wisdom and management: a conceptual study on wisdom management

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Abstract

Essentially, management and philosophy contribute each other in ever aspects and this is creating a managerial philosophy since managers face uncertainties during their decision making process in every day. Managers could not realize their creativity without any philosophical thought and questioning (Moseley,2010). Philosophy is a love of wisdom, however, wisdom could be determined according to what individuals think and what they see. Unwise people, close their minds, emotions and senses, they prefer not to observe, feel and think (McKenna and David, 2005). Wisdom implies combination of knowledge and thoughts around predetermined principles. Wisdom includes both rational (scientific) intellectual practices and mental processes. In that case, our vision and related strategies explain meaning of our lives and how we could spend such life. Human beings are trying to make sense the world around them with limited knowledge, struggle to create a synergy between the mind and character and to balance both sides well being and truths (McKenna and David, 2005). Today's managers are obliged to make strategic decisions in every day and during this process they analyze their immediate environments and look at their personal backgrounds. Some of them reap the rewards of positive returns, on the other hand, the others stand to failures (Malan and Kriger, 1998). Regarding to this difference, we will be aware of some latent concept "wisdom", that has not been analyzed in the management and organization literature, especially in leadership studies until now. Even this concept has not been discussed in the psychology literature until 1980s, but both disciplines has just begun to analyze it recently (McKenna, Rooney and Kenworthy, 2013). Although many researches in this field are interested in developing a valid definition but there is no agreement on the precise definition of wisdom (Schmit, Muldoon and Pounders, 2012). However, definition efforts made for twenty years could be considered constructive in clarifying old but newly emerged concept. Besides, the point of multidimensional construct of wisdom is supported by many researchers. (Webster, 2003). Wisdom is referred to the top of an inner voice about human nature and the tools leading to the attainment of life objectives (Baltes and Staudinger, 2000). In other words, wisdom represents an idea about complicated and uncertain situations such as cognitive functioning, intellectual development, life planning and management. It denotes a process rather than a specific situation (Ardelt, 2003; 2004). Wisdom dimensions on which there is an agreement includes practical, reflective, openness to experience, interactional tendency, tolerance for ambiguities, ethical sensitiveness and having an experience (Munro, 2012; Schmit vd. 2012; Webster, 2003). Thus, this study aims to gain holistic perspective with explicit and implicit assumptions regarding wisdom by using different definitions made before. Also, this study aims to suggest clues on how to develop wisdom and how to apply it into the management field, i.e managerial wisdom. This descriptive research tries to light the way of new applications of "wisdom" rather than measuring managerial wisdom levels of individuals via empirical research. Main research question of this study is whether it is sufficient to have a technical knowledge in any field in order to be successful.

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1. Introduction

The influences of positivism and behaviorism have restricted the scientific research to concepts that are observable, accessible, and easily defined, religious concepts such as the soul, spirituality, or wisdom have been seen ignored (Levitt,1999). Today, however, wisdom with its theoretical aspects are accepted as a promising research field. Because Concern for the limited success of knowledge management initiatives and the complexity and hyperturbulence of organizational environments has provoked discussion of the role of wisdom and has started to seek something beyond knowledge in organizations, management, leadership, and decision making(Rowley and Slack,2008) Due to its embryonic phase, there is no single consensual definition of wisdom, even if there are some commonly identified elements (Jeste and Vahia,2008).

In classical times, wisdom was listed among the four principal virtues: justice, moderation or self-control, courage and wisdom. (Rowley,2006; Rowley and Slack,2008) At those days, wisdom was reserved for divine beings. It was worshipped but was beyond the reach of mortals, until it was secularized by the Greek philosophers Socrates, Plato, and Aristotle. In Western thought, main focus was on the practicality of wisdom. Aristotle discussed practical wisdom (*Phronesis*) as the ability to deliberate well about what is good and expedient regarding the conduct of a good life. He distinguished between theoretical and practical wisdom that theoretical wisdom is an intellectual matter having primarily to do with knowledge, practical wisdom is mainly action guiding and although it too involves knowledge, it is not the same as the kind in theoretical wisdom. The knowledge required for theoretical wisdom is metaphysical. On the other hand, the knowledge involved in practical wisdom is of means to ends. (Kekes,1983) Tolstoy, talked of wisdom not being found in knowledge, but through a consideration of the whole and an understanding of man's place in it. On the other hand Kant described wisdom as being concerned with the practical end of the existence of man on earth. Eastern thought sees wisdom as involving establishing harmony with one's environment and leading a good life. Confucius argues that knowledge must be combined with action. Since that time, scholars both in western and eastern cultures have contemplated the nature of the wisdom of human beings and its role in the conduct of life and the organization of society. All of the examples stated above demonstrates wisdom's importance to civilisations and communities (Baltes and Smith,2008; Rowley and Slack,2008,Rowley,2006)

This paper/study is a theoretical research that tries to raise awareness about the role of wisdom in managerial processes and suggests new research directions about it on which there is even no agreement about the concise definition of it other than that its blurred application in organizations or its attainment in organizations. Additionally, in this study, especially, answers to the questions of what the “*wisdom*” is and what type of relation among wisdom, knowledge, information and data have, why the “*wisdom*” is so important to some organizations, how both individual and organizational wisdom is cultivated, what unwise decisions and their results mean to organizations, are investigated (Rowley,2006) Because organizational theorists are also becoming increasingly interested in wisdom and some acknowledge that wisdom is a desirable and even essential characteristic of executive business leaders (Rowley and Slack,2008), this paper also aims to find a connection between wisdom and management so create an understanding of how to attain, maintain and manage it. This literature review aims to investigate the alignment between different perspectives and to offer insight into understanding the concept of wisdom in a globalized networked society (Rowley and Slack,2008) In this paper exploratory research on meanings attached to the concept of wisdom is conducted.

2. Literature Review And Propositions

2.1. *Wisdom*

The search for wisdom and, hence, human development is a never ending process (Ardelt,1998,2000a,2003). Wisdom, like information, is a polysemantic concept, taking slightly different meanings in different contexts and applications(Rowley and Slack,2008) However Wisdom has a significant impact on success and impact at individual, organisational and community levels (Rowley, 2006). Wisdom entails the integration of what are usually considered to be separate systems of interpersonal, intrapersonal, and extrapersonal and processes (e.g., affective, cognitive, and conative) in understanding life and dealing with human affairs. Most proposed definitions of wisdom could be roughly categorized into four groups in the literature as (1) a composite of personality characteristics or competences; (2) positive results of human development; (3) collective system of practical knowledge; (4) a process that emerges in real life contexts (Shih -Ying Yang,2008). Apart from components and their implicit and/or explicit assumptions as stated in the literature, some of the writers prefer to explain wisdom through several dimensions derived from previous

works. For example, Scmitt et al (2012) have developed the dimensions of wisdom after working through several findings related to it, then they have found the following dimensions of practicality as an individual's ability to reason carefully; reflectivity as an individual's ability to reminisce on one's past and present life (Ardelt, 2003); openness as listening to and being tolerant of alternative views and possible solutions to problems; having an interactional aptitude as an individual's ability to regulate one's own emotions and expressions and to understand other's emotions and behaviors; being paradoxical as an individual's ability to tolerate uncertainty and ambiguity; ethical sensibility as an individual's ethics and ethical judgments, lastly having experience as an individual's experience with challenging life situations.

2.2. *Data , Information, Knowledge and Wisdom Chain: "DIKW Hierarchy"*

In this study, rather than focusing on the main construct of this chain, we aim to emphasize the importance of Wisdom among the ladders of this chain and its relevance to the organizational. Here, we use the term Data, Information, Knowledge and Wisdom Chain (here after DIKW), although so it is used as a synonym of Knowledge Pyramid, Information Hierarchy changing according to the aim of usage (Rowley, 2007)

DIKW hierarchy is the model used for discussion of data, information, knowledge, wisdom and their interrelationships. (Liew,2013). All of the elements of the DIKW hierarchy are abstract concepts, they do not exist in a way we can touch or physically experience (Hey,2004), so we can just explain them and their interactions and give examples about each abstract concept via constructing metaphorical link between them in order to make them more comprehensible.

As in many researches, Ackoff is often cited regarding DIKW hierarchy, in this paper his definition and explanations of this hierarchy is also given. Ackoff defines data, information, knowledge, understanding, intelligence and wisdom and explores the processes associated with the transformation between these elements (Hey,2004;Rowley, 2007). Some other authors add intelligence to this hierarchy between the wisdom and knowledge as done by Ackoff hence they argue that this chain should be labeled as DIKIW. Data are defined as symbols representing properties of objects, events and their environment (Liew,2013). In such, data has no meaning or value because it is without context and interpretation (Hey,2004).

2.3. *Wisdom In Organizations*

Individuals become wise through developing of practical knowledge, cognitively managing knowledge while aware of its limitations, uncertainties and contradictions, seeing and learning from experiences and developing a self-image towards viewing self as part of a larger system (Rowley,2006) In this sense, it is argued that there are three paths to individual wisdom as experience, spirituality, and passion. Experience can aid in understanding the broader context of issues, seeing how new knowledge can be integrated into existing knowledge. At its core, experience gives individuals an intuitive, "sixth sense" in assessing the relative importance of events, detecting changing patterns, judging the importance of developments, and making decisions. Spirituality involves an understanding and appreciation of one's position in the universe, one's soul, and the role of a God. Basically, spirituality facilitates wisdom as it helps clarify goals and objectives by providing holistic understanding of one's purpose in life. To be wise, one must also have the strength of belief to make it happen. Because wisdom includes action, one must be able to have the drive and the courage to overcome personal, social, and institutional barriers in the name of implementing the "right" strategy. Spirituality promotes passion, but passion also increases with the belief that one's work is meaningful. (Bierly et al,2000;Liew,2013) However, the concept of organizational wisdom translates wisdom from this individual to the organizational level (Rowley,2006). In this level, organizations can learn how to benefit from individuals who provide advice on variety of issues from multiple perspectives, enhance productive and cooperative thinking, overcome individual self-interest for the sake of an organization and being a pioneer in creative thinking about strategic issues.

2.4. *Wisdom Management*

Wisdom management has a particular role or application area. In contrast to information and knowledge in the outer pane, the inner pane is associated with the process of updating the templates. This analogy is similar to the change process of any sample or template. This process is based on detailed assessments of various aspects and it is also applied by one of the specialists (Banerjee). Basically, organizational theorists have begun to seek something

beyond and they are concentrated on the issue of how wisdom in organizations can better understood in management, leadership and decision making process. In addition, lately there has been an increasing interest toward the concept of wisdom management and especially, particularly in strategy context ‘practical wisdom’ has come to the foreground. Researchers suggest that, when considering the necessity of rational judgment, it is a requirement of having a capacity to reveal the counter-intuition, vision and humanistic skills of wisdom management.

2.5. *Who is Wise Leader*

Wise leader must be a laudable person and should contain basically five feature of wisdom. Namely, first, wise leaders must be capable of cognitive complexity. In complex environments, they should be capable of coping with complex and uncertain events. Second, wise leader must be deep thinker and rational, should have a capacity to understand and questioning a situation. Thirdly, wise leader should reveal creativity and logic in non-rational process, should be capable of creative thinking and move relying on instinct in their judgments. Fourth, wise leader should have a long term vision and virtue and must commit long-term prosperity for humanity. Finally, wise leaders, who have the capacity to reach people by the use of words, impact and acting are also express all these. In this context, three main features of wise management can be summarized as follows; wise leadership is explained as a domain-specific or contextual, concept with varying degrees (McKenna, 2009).

2.6. *Research Goal*

This descriptive research tries to light the way of new applications of “wisdom” rather than measuring managerial wisdom levels of individuals via empirical research. Main research question of this study is whether it is sufficient to have a technical knowledge in any field in order to be successful .Besides specialization what are the other factors considered plus for professional success? All in all, as stated in Confucius's many writings exploring the constant facts in the world of changes, philosophy shed light on our lives in order to be wise individuals and to have a society comprised of individuals who have learned how to manage such wisdom. It is an antidote for todays and prospective managers leading a group of people and trying to create an organizational commitment for those people to diagnose and solve the problems. In this context, it could be a good idea for future researches to analyze the relationship between leadership approaches and wisdom, so such a research would reveal important concerns for being a good leader. At the same time, it is possible to find a linkage between wisdom and cognitive, behavioral and social intelligence approaches. Another issue would be analyzing creativity that is todays most favorable concept for both academicians and practitioners in this context and reshaping it in a new direction.

3. Discussion and Conclusion

Besides it contribution to the literature, more work needs to be undertaken to develop an understanding of the applicability and relevance of the concept of wisdom, and of wisdom development and management. An enhanced understanding of wisdom and related concepts such as organisational wisdom, managerial wisdom and wisdom management has the potential to provide a valuable insight for organizational performance and success. (Rowley,2006,2007)

Although wisdom and wisdom related concepts have been discussed , nor the processes associated with the cultivation of wisdom have received much attention in the management literature. In this sense this paper has provoked further debate about wisdom by drawing on the diverse literatures and reflecting on the relevance of wisdom in the context of management and organizations The wisdom, and knowledge is a central element of leadership needs to be communicated more frequently and emphatically in the future research in a more detailed manner (Rowley,2006)

As an important managerial implication of this study is to raise awareness concerning levels of strategies. Every organization operates under different environmental pressures and opportunities, based upon the given definitions of individual and/or organizational wisdom, wisdom management etc. it is possible to assume that each organization and/or individual with different contingencies passes through different stages to attain wisdom and the nature of wisdom also differs.

Corporate Social Responsibility (hereafter CRS) recognises that businesses are part of society and therefore have the potential to contribute to that society. Business and society are seen as interwoven rather than as distinct entities.

(Rowley,2006) Thus, is it possible to assume a close interdependency between CSR concept and organizational wisdom?How do these two concepts interact and affect each other? These questions might signal new ways for future research.

Another research opportunity could be an investigation of wisdom-intelligence effects on Creativity of people especially from which dimensions of both wisdom and intelligence have an influence of the frequency of creative ideas and innovative work behaviors.

Wisdom could also be analyzed in different cultural contexts. Especially, Eastern specific conception of Wisdom including Middle Eastern perceptions about wisdom could be an interesting subject of future research. Because until now, Western perception of Wisdom , to some extent Far Eastern perception of Wisdom have been scrutinized. However, “how wisdom could be used as a vehicle of the advance of human civilizations in Middle East -or especially in Turkey” has been rarely investigated . After having culturally significant definition of wisdom, it will be possible to develop culturally viable measurement of wisdom in order to measure the perceptions of individual deeply. efore developing, content analysis could be conducted on managerial scholars, practitioners etc. as an exploratory tool. At the same time, antecedents and consequences of wisdom could be explored in which many factors affecting and being affected by wisdom attainment process. As stated in the literature, wisdom is mostly considered to be an individual phenomena, is it possible to consider this concept as an organizational one. In other words,” can organizations be wise?” could be one of the interesting question for future research.

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