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In search of a fitting moral psychology for practical wisdom: Exploring a missing link in virtuous management

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Abstract

While business as a social activity has involved communities of persons embedded in dense relational networks and practices for thousands of years, the modern legal, theoretical psychological, and moral foundations of business have progressively narrowed our understanding of practical wisdom. Although practical wisdom has recently regained ground in business ethics and management studies, thanks mainly to Anscombe's recovery of virtue ethics, Anscombe herself once observed that it lacks, and has even neglected, a moral psychology that genuinely complements the nuanced philosophical perspective of a virtue-centered moral philosophy. Herein, we offer one way to fill this gap by suggesting two opposing psychological paradigms, namely the inter-processual self and the autonomous self, which are classified according to the assumptions they make about the self, human agency and action more broadly, as well as how they relate to practical wisdom. Upon presenting these moral psychologies, we will bring this proposal into conversation with business ethics to show how the IPS paradigm can enable and support virtuous management.

1 | INTRODUCTION

As part of virtue ethics' resurgence, practical wisdom has emerged in business and management literature to highlight the novel and important intersection between virtue ethics and management studies (Ferrero & Sison, 2014; Fontrodona, Sison, & De Bruin, 2013; Hartman, 2006, 2008; Koehn, 1995, 1998; Solomon, 1992, 2003) and, more widely, organizational studies (Arjoon, 2008; Grint, 2007; Tsoukas & Cummings, 1997).

This, in part, resulted from Elizabeth Anscombe's claim—in *Modern Moral Philosophy*—that the modernist approach to ethics should be abandoned (1958). Since then, many have turned to the virtue ethics field (Chappell, 2013a, 2013b) as a better alternative for realizing the possibility of practical wisdom. However, despite the fact that Anscombe explicitly highlighted that her effort to recover a virtue-centered moral philosophy "should be laid aside at any rate until we have an adequate philosophy of psychology, in which we are conspicuously lacking" (Anscombe, 1958, p. 1), little progress has been made in this direction.[1]

This leads us to suggest that recovering virtue ethics' Aristotelian notion of *phronesis* requires a moral psychology that, in addition to

human action, focuses on the agent's unity and continuity, where we find the deepest meaning of human praxis (Vigo, 1993). This suggestion, in turn, makes moral identity foundational to practical wisdom (Alzola, 2015; Weaver, 2006) or, in other words, places the question, "What should I do?" on the same level as considerations associated with the question, "Who am I?" (Weaver, 2006, p. 344).

The business realm is not exempt from these theoretical questions. Virtue ethics applied to business acknowledges moral identity as the basis of a stable, morally mature character from which stems practical wisdom as a matter of moral psychology (Alzola, 2015; Wolf, 2007) precisely because it is more complicated than the (philosophical) conception and more profound than a list of psychological traits or surface-level behaviors.

Our research thus presents a systematic classification of moral psychology's attempts to capture practical wisdom with two contrasting paradigms according to their corresponding assumptions about the ontological roots of the self. They correspond to the "Autonomous Self" or AS and the "Inter-processual Self" or IPS (Akrivou, Orón, & Scalzo, 2018).[2] Each refers to how people "see" (understand) themselves and others as implicated in their practical rationality. Upon presenting their associated moral psychologies and

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conceptions of a morally mature person, we will show that AS moral psychology models––mainly influenced by modernist thought––generally tend to capture a narrower conception of practical wisdom. On the contrary, moral psychology models that relate to IPS aptly capture the Aristotelian conception of *phronesis*, and consider practical rationality with attention to the cognitive, ethical, affective, and relational aspects of the self (Akrivou & Orón, 2016).

Each of the suggested moral psychologies has profound implications for management and business. As a social activity involving communities of persons embedded in dense relational networks and practices, humane business must expand the narrow, modern rationality expressed in the AS paradigm. IPS proposes an alternative to this prevailing paradigm with insights that inform business and virtuous management.

2 | VIRTUE ETHICS IN BUSINESS AND PRACTICAL WISDOM

Practical wisdom is an invaluable and timeless cornerstone of a virtuous character, a construct that has filled Western philosophical literature since Aristotle's foundational work in the history of normative thought (Bachmann, Habisch, & Dierksmeier, 2017; Westberg, 1994). Although Aristotelian *phronesis* originally captured practical dimensions of a virtuous character's rational excellence (Bachmann et al., 2017), as the virtue *par excellence* (Sison, 2016, p. 103), its meaning has been gradually and significantly degraded throughout time (Aubenque, 1999), and has largely been transformed into a self-interested rationality that aims squarely at attaining ends (McCloskey, 2008).

Certainly, virtue ethics largely lost favor in Modernity (Frede, 2013; Gillespie, 2008; MacIntyre, 1967), but won back philosophical interest in the second half of the twentieth century (Chappell, 2013b; MacIntyre, 2007; Polo, 1997, p. 149). Although there are different streams among virtue ethicists, this philosophy's main branch focuses on recovering the Aristotelian tradition, which highlights not only moral character, but also emotional aspects of the person who makes moral judgments (Hartman, 2008), toward enabling others' flourishing and development (Koehn, 1995). In recent decades, many neo-Aristotelian scholars have applied virtue ethics to business management and organizational theory (Boatright, 1995; Fontrodona et al., 2013; Hartman, 1998, 2008; Koehn, 1998; Moore, 1999; Schudt, 2000; Solomon, 1992) as a consequence of a wider realization that there is a direct relationship between personal action (virtue) and organizations' (firms) potential to contribute to wider flourishing and improve the lives of all involved (Koehn, 1995; Moore, 2002; Sison & Ferrero, 2015; Weaver, 2006).

Aristotelian ethics is premised upon a proper human function (*ergon)* that expresses reason; human excellence or virtue resides in rightly fulfilling this function through human activities––*energeia*––in accordance with reason (Sison, 2015, p. 242). Virtue is an excellence that consists in "living or doing well" (Aristotle, 2002, *Nicomachean Ethics* 1095a, henceforth, NE) in accordance with the proper exercise of reason (NE1098a), which corresponds to what is best in human beings. Practical wisdom is thus the excellence that reason may acquire as it relates to action (NE 1178b; Murphy, 1993, p. 87) aimed at attaining happiness as our highest end (*eudaimonia*, or human flourishing). Accordingly, for business management to contribute to human flourishing and for management's restoration as a profession, practical wisdom is a master virtue (Khurana, 2010; Moore, 2008).

Phronesis is the form of rational excellence that is concerned with choices of how to act in a practical/ethical way, while the proper development of this excellence is essential for man to attain his own perfection (Scalzo & Alford, 2016). Although it is an intellectual virtue, since it perfects reason in its practical function (Nyberg, 2008, p. 549), it acquires a moral character; Aristotle defines it as "a true and reasoned state of capacity to act with regard to the things that are good or bad for man" (NE 1140b). In other words, *phronesis* is the ethical component that helps us deliberate on how to live, relate and act well in each concrete instance and situation (Sison & Hühn, 2018, p. 166, Scalzo & Alford, 2016).

However, in the absence of internal commitment to virtue (moral indifference toward the end), and the presence of merely external displays of instrumental action and compliance with rules, we cannot speak of practical wisdom: "Aristotle actually has a name for the mere appearance or "fake" practical wisdom: *panourgia* ("craftiness," "cunning," or "astuteness") (NE 1144a)" (Sison & Hühn, 2018, pp. 167–168; Schwartz & Sharpe, 2010). This kind of action aligns more with theoretical and technical knowledge than with practical-ethical knowledge and, regarding morality, shifts action's focus from the "best way to live"––i.e., a concern regarding goodness in everyday life––to "the right thing to do" (Nyberg, 2008).

For virtue ethics, rules are not a substitute for human judgment. Instead, human action with virtue(s) allows us to act well in a variety of business situations by finding the mean between extremes. Practical wisdom, for its part, enables achievement of a virtuous mean between extremes and resolution of conflicts that arise from incommensurable goods (Schwartz, 2018). Moreover, "Virtue ethics tell us that what is right is *to be a certain kind of person* (…) the specification of rules of right action is largely a secondary matter—one that in many ways presupposes the kind of practical wisdom possessed by the person of virtue" (Zwolinski & Schmidtz, 2013, p. 221, *emphasis added*). All of this, therefore, leads us to suggest that *phronēsis* is premised upon a morally mature, virtuous character, that it is found in the concrete realm, and that it depends on the agent and the circumstances that make up her whole life (Russell, 2013, p. 2).

3 | PRACTICAL WISDOM AND MORAL PSYCHOLOGY

How a person proves to be morally mature in a way that is reflected in her whole life and circumstances opens up a difficult question. Indeed, that question goes back to the very beginning of philosophical reflection, and was traditionally resolved by encouraging the pursuit of a certain idea of "wisdom." This was especially the case

in ancient ethics, where all philosophical schools closely connected virtue and life's final end (*telos*, or larger purpose) (Kamtekar, 2013, p. 29). Said connection, especially Aristotle's version, has played a central role in the history of Western moral discourse (Russell, 2013).

To complement this perspective with a psychological proposal, we turn to the psychological literature. Yet, as Anscombe suspected, it lacks a commonly accepted definition of practical wisdom and most theories therein do not differentiate between wisdom itself––the Aristotelian notion of *sophia* (which refers to a deeper understanding of reality)––and practical wisdom (Trowbridge, 2011). Moreover, they tend to use a reductionist conception of human virtue "[as] behavioral dispositions to act in conformity with certain rules of action" (Alzola, 2015, p. 295) that cannot fully express the richness of the human person or her true development.

Recently, theoretical, as well as empirical, attempts to characterize practical wisdom have emerged (Sternberg, 1998),[3] but only a handful of psychological definitions of wisdom accord with Aristotelian *phronēsis*, namely those with a focus on integrating mind (intellectual) and action (practical) (Baltes & Staudinger, 2000; Trowbridge, 2011). Instead, most empirical research focuses on different ways of capturing the knowledge component of wisdom (Baltes & Smith, 1990; Moberg, 2006, p. 545) on the premise that "[w]isdom is knowledge about the human condition at its frontier, knowledge about the most difficult questions of the meaning and conduct of life, and knowledge about the uncertainties of life, about what cannot be known, and how to deal with that limited knowledge" (Staudinger, 2008, p. 108).

The fact is that modern psychology's limitations in properly understanding practical wisdom cannot be overcome by avoiding the ontological question of *what it is to be human*. Regarding this question, the neo-Aristotelian Spanish philosopher Leonardo Polo (2012, p. 281) offers a synthesis of the key ontological concerns in the history of philosophy with his so-called three fundamental roots (*radicals*) of being human, specifically: (1) The fundamental rooted in our "nature" based on Aristotelian philosophy that includes our shared and distinct biological, cultural, and traditional sources; (2) The modern "subject-agent" fundamental that captures subjectivity and human drive to create novelty and to master the wider human and nonhuman environment via self-interested autonomous agency with a focus on external results; and, (3) The fundamental of being a "person," which emphasizes human beings' personal singularity and uniqueness, as well as our intrinsic relationship to others since personal relations are an integral part of the self and virtuous growth (Alford, 2018).[4]

Considering that, "wisdom may be beyond what psychological methods and concepts can achieve" (Baltes & Staudinger, 2000, p. 123), integrating these fundamentals is key for approaching the ontological question of what it is to be human and aids in delineating an appropriate moral psychology that captures the essential, complex relationist lens that a proper understanding of *phronetic* action entails.

To more succinctly characterize the appropriate moral psychology associated with practical wisdom, we introduced a paradigm for the self and action called the *"Inter-Processual Self"* (IPS) (Akrivou et al., 2018). It is based on meta-analysis of proposals related to adult and moral psychology with a view toward the history of knowledge, and

ultimately attempts to ground a moral psychology beyond the analytic and modern assumptions that have inspired a reductionist view of the self. Evidence from most meta-analyses of empirical research focuses on the knowledge mastery component of wisdom––especially in explicit theories of wisdom (Baltes & Smith, 1990; Moberg, 2006, p. 545)––and points us toward classifying them as modern moral psychologies, summarized in the so-called *Autonomous Self* (AS). We argue that this paradigm does not account for the richness of the human person and, therefore, practical wisdom itself.

While modern psychology's foundational axioms tend to emphasize external results, and the creation of theory that spans across cognition, emotion, identity, development and the self, among other fields, the IPS model, by integrating those domains, better explains (inter)personal action and role integrity as part of a systemic process of ethical engagement. This more complete and unified understanding of human development helps overcome limitations by recovering relational/affective aspects of the self and integrating them into practical wisdom. In this moral psychology, being a person, that is, the humanistic and transcendental anthropological basis of being, self and agency, is extremely important.

We coined this paradigm "inter-processual" because being a "person" implies that everyone's uniqueness processually and intentionally evolves *in relation to* others. It is far more complicated than and transcends the ideas of cognitive integration and the self that are captured in mainstream psychological and sociological theory with terms like self-identity and self-realization. The person as a transcendental unity pre-exists action, including action that develops identity and the self. Although we align our proposal with the Neo-Aristotelian tradition, we aim to go beyond it and integrate the paradigm of the person––the aforementioned "third fundamental"––to highlight that the final end of human life is unrestricted personal growth. This approach further inspires the metaphysical appreciation that all things are intimately related, including the self as unity and action in systemic, rather than autonomous, terms (Akrivou et al., 2018, pp. 78–82; 103–104; 136–138; 141–143; 146–148; Trowbridge, 2011, p. 155).

In order to contribute to the literature on the psychological aspects of moral agency, we will first present the AS paradigm, which understands moral maturity in a way that is mainly cognitivist and leads to a narrowly rationalist conception of morality. Said understanding ultimately undermines genuine virtue because it reduces practical wisdom to cleverness, and only tacks on moral concerns and rationalization that align moral rules with personal action. We will then develop the IPS proposal in hopes of overcoming these limitations.

4 | THE MODERNIST APPROACH TO MORAL PSYCHOLOGY: THE "AUTONOMOUS SELF"

As we have previously shown (Akrivou et al., 2018), the overwhelming majority of contemporary proposals on the self-emphasize a

model of human growth based on cognitive separation between the self and the world. Accordingly, the self *is* because it "thinks" and chooses to control its agency[5] as a subject whose action is oriented toward the mastery of the object-world (including the cosmos, other living beings and even of other domains of the self). The AS paradigm is rooted in the philosophical premise that underpins the entire analytic-modern tradition and its representative works in modern philosophy and psychology (Akrivou et al., 2018).

Its view of moral maturity tends to emphasize action premised upon cognitive distance between the acting subject and the non-self to rationally bring about willed outcomes. This requires control of the will over the self and its relationships, which, as we will see, colors AS's view of practical wisdom. AS models commonly assume that a sharp and *unbridgeable dualism or antithesis* separates the self's cognitive-rationalistic mental aspects from its affective ones. In that divide, the basis of AS is *mainly* cognitive; ethical aspects of action are understood as an aspirational ideal that can be developed––what theory understands as higher *cognitive* complexity (Akrivou & Bradbury-Huang, 2011)—via "higher" or "upper-end" cognitive developmental processes.

Hence, an AS conception of the self and action sees cognitive, practical, relational/affective and moral aspects of a mature (virtuous) person as naturally separate from that same reality (Akrivou & Orón, 2016). AS's primacy in what is seen as a morally mature self idealizes the adoption of morally mature action following either normative moral universals (e.g., Kohlberg, 1969) or the (cognitive) mastery of the object world. Mastery over the self and its relationships is seen through the acting subject's increasingly independent capacity for autonomous agency through either cognitive mastery or a more emergent, spontaneous and affective response capacity, which, while less cognitive than the typical AS model, is only found at the end of cognitive growth. This is so because development of intellectual complexity is first required to enable knowledge of why it is important to follow principles in our approach to moral dilemmas and life itself.[7]

Despite the fragmentation associated with modern psychological models of the self, the literature coincides on the idea that moral maturity is linked to an autonomous, intentional, and free will that is also rational and formal, and that arises from motivational processes in the self, as well as from emotional regulation. It is worth noting that all of the related proposals contain an understanding of the moral agent's self as fragmented, that is, *lacking unity and integration*[8]; integrative action can only be achieved with a proper understanding of practical wisdom, which is seen as emerging from maturity in the process of completing a prescribed model of moral cognitive growth (Akrivou et al., 2018). Thus, *phronetic* action with concern for wider systemic flourishing is seen as possible at the end of personal maturation.

Despite AS's external, observable conduct and outcomes that, in the end, can come to resemble Aristotelian prudence, it inconsistently emphasizes or altogether lacks an inner and genuine commitment to the virtuous self and others' growth. The very richness of human and personal feeling is sometimes characterized and experienced as a burden that must be harnessed and regulated. The moral psychology of AS is inconsistent, superficial, or even absent. AS applies rationality, but that application is not enough to effectively resolve the complexities and wisely respond to nuanced particulars of life with a commitment to the *telos* of flourishing of all involved and to enable the good life, seeing beyond efficient solutions to particular issues or challenges.

In AS, what appears to be an efficient, intelligent, clever, or crafty form of rational excellence is not true practical wisdom and does not entail concern for integrating intellectual, practical and technical excellence associated with one's being and growing as a virtuous person. At most, an agent acting in accordance with AS manifests a virtuous self via mastery of communication and effective outcomes, but, in her autonomy, she benefits even when following universal moral norms. In short, the moral psychology associated with the AS paradigm does not capture all aspects of practical wisdom; instead, it considers the ethical dimension of action as exclusively tied to higher forms of intelligence and agency that express craftiness and cleverness, but not genuine practical wisdom.

5 | AN APPROPRIATE MORAL PSYCHOLOGY FOR PRACTICAL WISDOM: THE INTER-PROCESSUAL SELF

Identity and moral integrity are central concerns for virtue ethics (Alzola, 2015; Sorabji, 2006); for Aristotle, *phronesis* depends on *proairesis*, that is, the judgments and deliberate decisions of a person of practical wisdom (Vigo, 2007, p. 200, 188). This subjective perspective is present in his definition of virtue as "a state of character concerned with choice, lying in a mean, i.e., the mean relative to us, this being determined by a rational principle, and by that principle by which the man of practical wisdom would determine it" (NE 1107a 1-3). This means that the rational principle for determining virtue is the standard that a "qualified agent" (Hursthouse, 1999, p. 28)—the person of practical wisdom, *phronimos*—uses to determine her correct action, but it is the *phronimos* herself who determines the rationality of the principle, which, in turn means that the person of practical wisdom has already developed an appropriate stable moral character. This is key for understanding the essence of this excellence and its relationship with happiness. Besides happiness, this teleological approach to ethics is grounded in a conception of human nature that provides an *ergon* (function) to human life (NE I, 7 1097b), that is, a *telos* (end), which comes to be reason (NE 1098a). According to Vigo "when combing relevant passages to reconstruct something like an Aristotelian conception of the personal "self," we find that almost all of Aristotle's texts clearly point to a predominantly "practical" conception of the nature of the "self'" (1993, p. 278). He continues by noting that the "personal self" as "'a subject capable of praxis' is characterized by having a set of habitual dispositions (*hexeis*) of character, as well as a temporal opening toward a horizon of meaning that informs and gives meaning to all his actions, that is, to his

practical present" (Sherman, 1989; Vigo, 1993, p. 279).[9] This notion of practical wisdom, together with the proper *telos* for human development, sheds light on this matter. However, an account of practical wisdom as "the capacity to think well for the sake of living well" (Schuchman, 1980, p. 30)––that is, living a whole life with all it entails (NE 1098a; 1140a 28)––should consider every dimension of what it means to be human, as well as the best way to improve interpersonal relationships.[10]

The moral psychology associated with IPS is focused on the person as a unity and is an effort to enrich Aristotle's philosophical account of human nature with the even richer proposal of personalism. The moral psychology associated with the IPS is grounded in Polo's aforementioned three radicals (2012) with *primacy placed on the "personal" radical* (Akrivou et al., 2018). This rootedness (2012) acknowledges what we are and that we increase our human development by more fully realizing (a) our uniqueness premised upon our singularity and transcendental being and (b) our natural concern for cultivating co-existence and relationships. Being a person means we are intrinsically related to others, meaning that our "being-related is ontologically core to our very being itself" (Alford, 2018, p. 700). This elevates our responsibility toward both our own and others' growth and happiness. For IPS, the most fundamental kind of freedom is that which allows us to choose growth through the *I-Thou* relationship (Akrivou & Orón, 2016; Polo, 2007) via a different set of initial assumptions with profound implications for practical wisdom.

The IPS paradigm requires rejection of the AS mindset rather than a mix and match approach. It is premised on personalism and its ontological understanding of person is transcendental (Polo, 1998, 2003), while its approach to knowledge relates to the unity of knowledge and action (Akrivou et al., 2018). Furthermore, the self pre-exists and grows in relationship; thus, persons in real relationships in the context of an *open and free system theory* (Polo in Pérez López, 1993; Polo, 2007) are IPS's unit of analysis (e.g., see Baker, 2002). Its moral psychology does not assume that the person is an inner-outer boundary, but rather assumes a unity of knowing and acting. For IPS, the self is a complicated (integrated) unity beyond what consciousness can scientifically grasp: "My person is not the consciousness ... of it" (Mounier, 1936, p. 51). This moral proposal understands *that being, knowing and acting are not separate domains* (Akrivou & Orón, 2016) because it is based on *a nonrepresentational theory of knowledge and action* (Frisina, 2002; see Akrivou et al., 2018).

There are various implications linked to these assumptions. For one, cognitive, affective, practical aspects of the self and action are inseparable, but differentiated aspects that make up one reality, which corresponds to the person as an ever-integrated unity (Orón, 2015). Other implications relate to how human and personal development are understood in IPS in relation to others and our intimacy, rather than autonomously. Action is personal, but always associated with a personal offering (of a person to (an)other with whom we choose how to relate, guided by our freedom *for*). Action entails possibilities for growth; growing positively[11] is the conscious effort to facilitate virtuous growth (which directly involves the acting person

and her relationships, and is not regulated by third party observers). The practice of the virtues and a virtuous self are required in order to remain constant in terms of quality ethical commitment, as is in terms of genuinely correcting action and improving relationships, including learning from past failures when our action lacked a virtuous disposition. Hence, IPS's notion of practical wisdom integrates relational/affective aspects of the self into an intelligent use of reason and as a dimension of action.

With that in mind, the open-endedness of development is a key premise in IPS: *"openness" in the case of human beings is expressed through intimacy in relationships.* This involves personal processes that require careful consideration of the kind and degree of commitment. But because this process is circular and open, the higher and more genuine a commitment, the more people's "growth [and relationships] becomes unrestricted" (Polo, 2007, p. 123). The idea of unrestricted personal growth in relationships (Polo, 1985, 1988a, 1988b, 1994, 2003) follows, but can transcend nature; thus, IPS as a moral psychology deepens the classical/Aristotelian fundamental of nature beyond natural disposition. Instead, growth increasingly requires commitment to goodness in relation to one's own and others' flourishing (Akrivou et al., 2018).

Each person requires openness and freedom in terms of how to use wisdom for the good of all involved. For this moral psychology, action is not passive, but rather is important for personal growth and development, consistent with Aristotle's *praxis* (see Akrivou et al., 2018 for details; NE 1102b). This involves a practically wise use of the intellect since, when we act, we do not know the future, nor have we perfect information regarding any given present moment or past actions beyond the externally observed acts that produce results. This practical wisdom is not just about cautious, self-protective action. In IPS, practical wisdom considers that, "one's actions return to affect the core of the self..." (Akrivou & Orón, 2016, p. 232), which guides us to act with concern for avoiding vice even in stages of development that, per Aristotle, usually include weak displays of virtue (NE 1102b), such as states of incontinence. Yet, we must also experience how action that lacks virtue does not really help develop our relationships. Thus, processual learning that habituates a higher practice of virtue guides practical wisdom.

This view of development, which lacks predetermined processes, is consistent with the dense and complicated nature of practical wisdom (Sison, 2016). Given its density, truly understanding virtue and its moral psychology in action is extremely difficult to fathom because a virtuous character requires ongoing commitment that is hard to "see" from the outside.

In order to show why this proposal is the appropriate moral psychology for practical wisdom, we proceed by providing more detail on its notion of "development" and a brief analysis of practically wise action in this paradigm.

For IPS, personal development cannot be understood apart from how we grow in our capacity and inner commitment to developing virtue in personal relationships guided by freedom for supporting other's growth within the logic of the gift (Baviera, English, & Guillén Parra, 2016). This logic requires deep personal

engagement in relationships, which arises from personal freedom and intimacy and involves a teleological notion. The *telos* here is definitively *not* an abstract ideal toward which to strive. Teleological aspects of action are practiced within a realistic context, but, depending on the degree of virtue of all involved and the ethical quality of relationships, they can be more or less overtly achieved. This requires personal and practical wisdom regarding how to act to enable growth in relationships and exists in reference to how others act.

Development in IPS is thus permeated with moments in which a rich understanding of the realities we face, and others' interiority as manifested in their actions, strikes us with the realization that we must rethink action to correct and improve things we or others have wrongly or poorly done. The moral psychology of IPS opens up space for personal vulnerability, enabling a more inclusive flourishing beyond the autonomous self and utilitarian notions of the good life. Concern for others' flourishing is not an ideal in the search for equality, but rather a means that enables each person to make progress and meaningfully grow.

This moral psychology sees and applies practical wisdom within a context of ethical pluralism in the self, encouraging empathy for the self and others. Furthermore, exercising practical wisdom is found in development toward ethically good action; thus, practical wisdom is not thought of as the main or most important virtue. Rather, it values a deeper, ethically plural approach to virtue that involves concern for living an examined and good life that draws on and learns from all the virtues and their richness.

Yet, in line with virtue ethicists (e.g., Finnis, 1980; Hartman, 2006; Koehn, 1995; Sison, 2014; Solomon, 1993), for IPS, virtues (and practical wisdom) prioritize orientation toward integrity or wholeness in one's life, and continuity and unity in the agent's personal identity is always important. It links past, present and future action in relation to the agent's ongoing moral search regarding the question of "who I am" and how to become more fully and essentially human (which includes exposure to the self and the other).

Practical wisdom herein asks each person to attend to and respect their and others' integrity and intimacy because our intimacy is personal and is not a commodity (Akrivou et al., 2018). However, in terms of IPS's relational ontology, our "margin of freedom" for agency in each context is also related to how our actions reduce or enhance virtue in others' capacity to relate. Acting in ways that bolster people's agency vis-a-vis others increases or decreases relational integrity; yet, excessive agency may also make others passive (prohibiting them from developing virtue in relational terms). An awareness of this open process means realizing that acting merely as rationally calculating agents is not helpful; instead, each person must face and ethically make sense of a range of negative emotions (fear, frustration, emotional fatigue, vulnerability when committing to work with difficult people, a sense of disappointment, burn-out due to social expectations, etc.) as information that increases our understanding of our own humanity and that of others. This goes beyond a reductionist, cognitive mentality since "[p]ractical wisdom requires the accurate discernment of the emotional climate on a particular matter and the ability to draw from a complete spectrum of emotional responses to craft one that both brings about good outcomes and is good itself" (Moberg, 2006, p. 542).

Staying committed to IPS-based virtuous growth, and avoiding more convenient, autonomous realization, means being a certain kind of person and living a certain kind of life with a *telos* (Sison & Hühn, 2018). Of course, this depends upon practically wise choices involving the self, others, and relational systems in a complicated, dynamic process, but it is never up to oneself to direct and master this process. Rather, it rests upon each person committing to action that is backed by virtuous motivations *vis-a-vis* others in free and open systems. This requires a patient and balanced practice of the virtues, as well as an understanding that acts starting from an autonomous will do not guide relational growth. As an interconnected kind of praxis, the process and effects of practical wisdom in IPS are more complicated, as captured in the work of Wang and Whitehead (see Akrivou et al., 2018).

This moral psychology further entails the notion of *circularity*, that is, an ongoing process that involves the practical, personal-relational aspects of growth. Thus, this proposal relies on reason expanded beyond a "clever" or "astute" "third party observer" who generates external dimensions of virtue, and instead elevates human relationships beyond a means or object of reference in terms of personal action and developmental processes. Therein, mutual, relational growth is fundamental for systemic growth, which is why IPS foresees the importance of internal unity and why it utilizes reason in a way that involves personal judgment and choice, which is "intuitively felt and reasoned" as the appropriate means-ends choice. For IPS, the boundary between the self and the object world is somewhat artificial, and one cannot choose the right means-ends to face particular situations by maintaining a safe, "third party observer" distance in an effort to practically orient action. The moral psychology of IPS considers integrity an ongoing challenge in relation to how to be a good person and to help others to grow. In choosing to act, the person primarily considers the integrally interrelated cognitive, practical, relational/affective and ethical-moral aspects of the self, which relate to the same phenomenon that underlies humanity's equally significant and complementary experience.

Hence, for IPS's moral psychology, "normativity" is integrally tied to understanding what acting as a human being, who is by definition a moral agent, means. Normativity is not therefore primarily ascribed to external mechanisms (norms) or authority itself (Akrivou & Orón, 2016). Living and relating are ongoing activities that tap into the notion that being human entails the good and requires personal experience. Congruent with a virtue ethics epistemology (Koehn, 1995) and the Aristotelian notion of practical wisdom, the ethical dimension in IPS is thus an integral part of this moral psychology and involves an ongoing, complex effort that requires persons to examine themselves—their relationships, intentions, actions, and potential consequences. This moral psychology requires systematic acts of proper relationality, genuine commitment to dialogue, moral inquiry, and feedback on how to display more genuine concern for one's own and other's growth, flourishing, and shared humanity.

TABLE 1 A summary of AS and IPS regarding practical wisdom

	Autonomous self (AS)	Inter-processual self (IPS)
Final end or *telos*	• Self-determination, mastery (self, relationships, wider cosmos as objects) • End goal-oriented toward achieving (some notion of) individual integrity	• Personal development (full human flourishing involving the person in relation) • Process-oriented toward growth as a self-integrated person in relationships
Primary moral/psychological component	• Individualist or impersonal -Focus on cognition	• Personal - Relational actions • Integration of cognition, affect, and ethical aspects of action
Model of the self (agency) and relationships	• Open adaptive system • Rule-oriented toward mastery (of object world) and regulation of the self • The self instrumentalizes the person to reach his object	• Free and open system (person) • The self approaches the object as a way to improve the (personal) relationship
Human and moral development	• Self-referential and goal-oriented growth (mastery, domains) • Autonomous and self-interested rationality (closed) • Idealist	• Unrestricted human growth • Processual (ongoing), integrative, and relational (personalist) • Realist and sensitive to context
Dominate approach to practical wisdom and ethics of business management	• Experimental-analytical • The Right Moral Universal (Rule) guides action • Technical practical wisdom that amounts to cleverness or craftiness (*panourgia*)	• Systemic-relational • Virtue and personalist ethics • Ethical, practical wisdom (*phronesis*)

In short, the appropriate moral psychology for practical wisdom is premised upon the idea that cognitive, relational/affective, practical, and ethical aspects of the self and agency are integral and inseparable. Based on a nonrepresentational theory of knowledge and action (Frisina, 2002), this moral proposal also understands that being, knowing, and acting are not separate domains (Akrivou & Orón, 2016). It further rejects analytic psychology's narrow way of thinking about cognition as a rational guide for action with its fundamental assumption of the inner self as boundary.

Table 1 summarizes the opposition between the AS and IPS paradigms in light of our analysis:

6 | IMPLICATIONS FOR BUSINESS, MANAGEMENT, AND FUTURE RESEARCH

The two moral paradigms discussed herein are like night and day when it comes to practical wisdom-based actions; each offers a different assumption and vision of how to understand and lead organizational relationships and networks to positively influence growth that involves wider forms of community. We start from the assumption that businesses generally operate with an AS approach and that a shift toward an IPS approach has various implications and applications for their improved management. This is because, according to IPS, the management role features practically wise action that develops strong relationships based on the fact that the manager first sets out to become a role model whose ends do not involve mastering or instrumentalizing others (Hatami & Firoozi, 2019), but rather relating to the other(s) as an end (Ploum, Block, Lans, & Omta, 2018). IPS offers a theoretical framework to approach management based on interpersonal virtues in business, including trust,

cooperation, gratitude, forgiveness, and even charity, helping to enrich a common good theory of the firm. And indeed, its relevance grows when considering the firm as a *community of work* that aims to achieve unity (Melé, 2012; Solomon, 1994) and growth in terms of freedom, responsibility, and other aspects of human flourishing (Finnis, 1980), instead of a *set of contracts* that promotes technocratic, value-neutral, and rationalistic management (Hendry, 2001).

Our proposal further suggests that ethical leadership aimed at interpersonal growth in organizations influences employees' openness to ethical behavior, where being a truly good person is itself leadership. This is in contrast to models of leadership that aim to influence others through managerial-positional power or compliance, which does not encourage employees' ethical behavior (Verdofer & Peus, 2020). The former, genuine leadership approach is consistent with the notion of practical wisdom in the moral psychology of IPS, which balances affective, practical, cognitive, and ethical aspects of human excellence.

AS-inspired practical wisdom is also limited in this regard in that it includes approaches that understand decision-making as a rational, value-free action.[12] Instead, integrated approaches to ethical and practically wise decision-making (Díez Gómez & Rodríguez Córdoba, 2019) emerge with IPS's moral psychology. These approaches favor democratic and balanced deliberation, as well as promote common goods and fully inclusive notions of personal and group flourishing.

In addition, the moral psychology and practical wisdom conceptualized in IPS are consistent with managerial decision-making that adopts virtue ethics' understandings of *philia* (friendship) and the goods upon which human relationships rest (Procópio, 2019). Thus, we suggest that the practical wisdom associated with IPS is akin to participatory approaches to management and governance as found in Bernacchio and Couch's (2015) analysis of the virtues and

common goods associated with participatory governance. Further work is needed on how to restore the role of managers in such organizations and how IPS-based practical wisdom can support participatory governance as an alternative to the shareholder maximization that AS favors.

Ethical decision-making is another important area for which our approach implies a significant shift that transcends paradigms based on self-interested rationality and decision-making that focuses on short-term gains (McCloskey, 2008; Procópio, 2019; Rua, Lawter, & Andreassi, 2017). Accordingly, practically wise decision-making requires from decision makers deeper engagement with reality and with the identity of all who are involved and directly affected.

Concerning related debates in the literature (for example, on the most crucial antecedent for ethical behavior in management and organizations from Rua et al., 2017), our contribution critically argues that *who/what we really are* as humans involves being and growing as an integrated person, which in turn involves engaging with a certain way of life (the good) rather than with just observable behaviors or the ends we strive to achieve (Sison & Hühn, 2018). Our proposal is thus naturally connected to the efforts of scholars who critique the reductive anthropology emanating from neoclassical economics, and who aim to restore a virtue ethics that applies to, but also transcends, business by aiming toward human and social well-being and flourishing (Dierksmeier & Celano, 2012). Virtue ethics highlights that human excellence cannot exist without participation and cooperation, that is, that human goods, such as friendship, education, work, health, or religion, are achieved in communities and only in this way can they contribute to flourishing (*eudaimonia*) (Sison & Ferrero, 2015). Taking an additional step, our proposal offers a theoretical framework that addresses what we could call the virtues of interpersonal relationships, such as gratitude, forgiveness, cooperation, trust, gift-giving, and so forth that are foundational to any contractual relationship.

7 | CONCLUSIONS

We started with the need for an appropriate moral psychology to support virtue ethics, an area that recent business ethics scholarship has focused on. We introduced two opposite paradigms that capture different aspects of reality and conceptions of the self: (1) the so-called Autonomous Self (AS), based on analytic and modernist assumptions grounded in a reductionist view of the self, and (2) the Inter-processual Self (IPS) as an attempt to ground an appropriate moral psychology that enables human flourishing and practical wisdom.

We argued that, although a commitment to virtuous growth is possible for both AS and IPS, because acting with virtue as a value involves intelligence in both cases, the way they use virtue and the kinds of ends they incorporate are different. In both cases, the object is mastered and the relationship is present, but, while AS instrumentalizes the relationship to reach its object, IPS presents an opportunity to reach the person as an end. Through this lens, we

approached the relationship between moral psychology and practical rationality. We also demonstrated that these two opposing paradigms are, respectively, related to the classical conception of practical wisdom (IPS) and its vice, *panourgia* (AS), which strongly links with Aristotelian virtue ethicists who support a deeper understanding of and appreciation for practical wisdom in business and the management profession, beyond a focus on mere cognitive or external behavioral elements.

Through a systematic analysis of the self and moral development, we sustain the argument that, in contrast to AS models, IPS captures the cognitive, practical, relational, and affective aspects of the self as interrelated, integrally linked aspects of the same phenomenon, and that it complements Aristotelian insights into human nature with the richness that the human person entails. This means that IPS-based moral psychology models are congruent with the Aristotelian notion of practical wisdom or *phronesis*.

Practical wisdom in IPS overcomes the reductionist and analytic assumptions that guide AS in that it is neither an abstract theory of development, nor an idealistic pursuit of the good life and (practical) wisdom, but rather involves a personal-relational action process (*praxis*) whereby a particular (virtuous) way of life (Vigo, 2008) enables development. This, of course, taps into virtue as an aspect of a stable personal character because integrity of character is required for practically wise forms of action that maintain genuine humanity and integrity (Akrivou et al., 2020; Robson, 2018) while displaying practical wisdom within a richer, nuanced repertoire of key virtues. This virtuous growth involves a more dynamic process; it requires self-awareness, wisdom, and experience put to good use for deeper understanding, while it emphasizes interpersonal virtues, including trust, cooperation, gratitude, forgiveness, and even charity (Alford, 2018; Melé, 2009; Polo, 2007).

This article is ultimately an attempt to identify a moral psychology proposal that captures practical wisdom and that connects virtue ethics and personalism with business and management. The IPS paradigm it proposes and applies to business acknowledges moral integrity as a basis for practical wisdom; it integrates cognitive, ethical, affective, and practical aspects and is a precondition for good action in business and management.

This proposal is further an attempt to overcome the contractualist approach to business relationships that emerged with the rise of capitalism and reached status quo in late modernity. However, this does not imply radical change in the legal realm or the foundations of current business; rather, it points to ways of improving a social and interpersonal activity that involves communities of persons embedded in dense relational networks and practices. In other words, it suggests that humane and sustainable change in business and economic practices should rest on a more realist anthropology, which requires a proper moral psychology.

Our proposal specifically and novelly interacts with virtue ethics and emphasizes a way forward for approaching dignity apart from the normativity involved in moral rules. Instead, it values and builds upon the complexity and richness of human life, and specifically on what "growth in common" means, which constitutes the main

challenge for making the firm a genuine community of people that includes all its stakeholders in the quest for the common good. With this in mind, future research aims to connect the IPS framework with debates surrounding personalist business ethics (Melé, 2009; Sison, Ferrero, & Guitián, 2018) and human dignity-centered organizational theory (Beabout, 2012, 2013; Dierksmeier, 2015; Mea & Sims, 2018; Pirson, Goodpaster, & Dierksmeier, 2016; Ploum et al., 2018), as well as with its implications for reversing the degradation of management education (Khurana, 2010).

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ENDNOTES

[1] The modern evolution of psychology as an autonomous discipline left aside normative assumptions and questions of ethics in the theory of the self. The philosophy of psychology that Anscombe calls for is not only a theoretical reflection, but also a call for the recovery of the natural integration of cognitive, practical, relational/affective, and moral aspects of the virtuous person. Her approach opposes conceiving of these aspects as separate, and even competing or antagonistic, domains (Akrivou & Orón, 2016).

[2] The contraposition of AS and IPS as moral characterizations is theoretical, in line with Weberian ideal types, which, as a vehicle for theory building, are difficult to find in reality in exact and precise occurrence; yet, they are very useful for characterizing reality. Hence, it is not unusual for moral philosophers or psychologists to include elements from both.

[3] These efforts have led to two basic major branches: *implicit and explicit theories of wisdom* (Baltes & Staudinger, 2000). The former judge wise persons by their ability to offer wise solutions in their context, balancing intrapersonal, interpersonal, and extra-personal interests in the short- and long-term (Sternberg 2004, p. 167). Explicit theories are theoretical constructions from experts and researchers who work on the psychology of human development (Sternberg 1998, p. 349) and focus on behavioral manifestations, and so rely on empirical and quantifiable research. The Berlin School's work is the most influential therein.

[4] Ontologically tying relatedness, personhood, and personal growth together goes way beyond just an acknowledgement linked to transactional logic (in Kohlberg, 1969), a mutual care rule (e.g., Gilligan & Attanucci, 1996) or conceptions of care that have limitations from a virtue ethics perspective. The idea of personhood posits that each person is (a) a singular, unique, and transcendental being (exists *in addition* to the sum of its parts) and co-existent with others and, (b) a priori is free in the deepest sense of "freedom for" (Akrivou & Orón, 2016)

[5] The first explicit developments in moral identity were an attempt to lay the foundations of personal identity on the empirical content of the "self" as a subject of representations (Vigo 1993, p. 273). Based on the *Critique of Pure Reason (B 132)*, Vigo highlights that, for Kant, a multiplicity of representations is possible thanks to the original synthetic unity of transcendental apperception, expressed in the proposition "I think" (Vigo, 1993, p. 274).

[6] AS *mainly* self-represents the acting subject's cognitive focus. AS's focus is on the cognitive object and on process valuing, rational-abstract exercises (e.g., "I relate to the moral rule" as an object). Certainly, AS may not always be cognitive, but it is always self-referential, which we can see in the works of Richard Ryan, who focuses on the will, but is still a key psychology theorist for AS based on his self-referential focus (Deci & Ryan 2013, p. 29; Deci & Ryan 2002, pp. 3–33). For him, the most human of characteristics is self-determination, where the will is central in its search for autonomy.

[7] For example, Kohlberg, who is a Kantian psychologist, refers to this in Kohlberg and Ryncarz (1990). But his last proposed (seventh) stage of morality, which is less cognitive, must emerge after the subject achieves sufficient cognitive mastery.

[8] Some models see a rational drive to achieve autonomous self-direction or self-authorship as rational motivation for an acting agent to progress towards higher order cognitive processing. They coincide in positing that human organisms have inner tendencies toward actualizing themselves through a rational choice approach to agency motivated by the need to cover increasingly diverse needs, eventually establishing greater self-unity.

[9] According to Vigo, "rationality supports, so to speak, the specific unity and identity of the personal 'self.' Yet, this is but the first level in the constitution of the personal 'self' and is still insufficient to account for its character of singular individuality and definite non-interchangeably with other members of the same species. These characteristics of individuality and singularity seem to belong to people in a much more essential way than to other substantial objects. The personal subject's individuality and essential singularity cannot simply be derived from her substantial form, since said form only expresses what she has in common with all other individuals of her kind rather than, as such, her individual, intimate core. To account for this constitutive aspect of personal being, Aristotle does not simply appeal, in fact, to substantialism, but rather appeals to what can be called 'habitualism'" (1993, p. 280). See also Sorabji (2006)

[10] We must note here that the idea of the self, as well as the notion of the human person, was not addressed as such in Ancient philosophy, which was interested in human essence (what all men have in common) rather than in individuality or even identity (Spaemann, 2006).

[11] Human development can grow in positive or negative directions, but it is marked by the universally human effort to intensify and enhance relationship(s).

[12] More broadly, a connection might be able to be made between AS-based practical wisdom and neurotic/psychologically socially harmful effects. We agree with De Colle and Freeman (2019) that more research is needed to explore how neurotic management styles are associated with ethical failures in organizations and the degree to which they are more likely to be linked with AS notions of practical wisdom.

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