**Cultivating moral-relational judgement in business education:**

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**Abstract**

In this paper we reflect on the question “what do we mean by teaching ‘business ethics’ at all?” In response we suggest that *phronesis* - a values-based disposition integrating practical and affective dimensions of practical knowledge - warrants consideration in addressing the topic of ethics but more broadly in legitimising university-based management education in the face of widespread public trust deficit in business and management education. In this paper we consider the Aristotelian origins of *phronesis*, including its distinctive connection to emotion and moral imagination, and apply a *phronesis*-based approach to postgraduate management education, providing illustrations of its practical usage. In doing so, we argue this goes beyond thinking of ‘business ethics’ as a stand-alone subject in business education, and instead provides management educators a framework within which to cultivate graduate capabilities in moral-relational judgement and a profession-like praxis. Doing so would help - post Global Financial Crisis - to ameliorate justifiable loss of public trust and confidence in university-based management qualifications.

**Keywords:** *phronesis, praxis, ethics, moral-relational judgement, morality, emotion, management education, management qualifications.***Introduction**

Almost fifteen years ago, there was a sense of crisis in regards to management teaching (especially MBA programs) and practice in contributing to corporate scandals and crisis:

*Some firms’ financial statements have been found to be deliberately misleading. Some accounting and financial services firms have been aiding and abetting this duplicitous process. The credibility of some Wall Street stock analysts has been called into question. Several corporate executives have found devious ways to hide debt, inflate profits, and enrich themselves at their companies’ and shareholders’ expense...they have had immediate negative effects on retirees and their pension plans and on employees whose jobs have been lost. They have wide ranging negative impacts on stock prices, on confidence in corporations, and on national economies...it may take scandals that are this large in scope for organizations’ impacts on society to be widely recognised.*

(Bartunek, 2002: 422).

Today, that crisis seems to pale in comparison to the recent global financial recession, where the dominance of economic expertise is still being questioned and alternative theories of markets and relationships to societies are being sought (Starkey and Tiratsoo, 2007; Khurana, 2007; Munir, 2011). Yet, despite the comparatively enormous scale of this more recent crisis, the discussions around teaching business ethics remains arguably rather limited in focus. This is surprising when the value, contribution and standing of management education more broadly is being debated (Giacalone and Wargo, 2010; Locke and Spender, 2011; Rangan, 2015; ). Those critiques are along now familiar neo-liberal/libertarian themes, and are generally consistent with critiques before and accentuated after the 2007/8 Global Financial Crisis (GFC): dominant forms of organizational and process-based thinking that is philosophically reductionist, ideologically economistic, predominantly focused on the short-term (typically quarterly in the US) with shareholder primacy the measure of “success” in executive and management salary and bonus incentives – with widespread concerns for undermining public wellbeing as a result (for example, Freeman, 1991; Frederick, 1993; Pfeffer and Fong, 2004; Locke and Spender, 2011; Clegg, Jarvis, and Pitsis, 2013; Huhn, 2014; Spender, 2014). Some argue that as a result of this dominant management ideology the legitimacy of and trust in big business is at an all time low, and that management suffers from an out-dated view of value creation (Porter and Kramer, 2011; Harris, 2014; Rangan, 2015). This public trust deficit (Harris, 2014) is reflected in a moral-relational judgement that sees companies prospering at the expense of their communities, ignoring the well-being of their employees and customers, the depletion of natural resources vital to their businesses and that of their suppliers (Porter and Kramer, 2011).

Against this context, business ethics is often taught as a stand-alone subject in business education, or perhaps incorporated in capstone subjects that deal with difficult and complex societal problems such as sustainability (Fisher and Lovell, 2006; Gibson, 2007; Windsor 2009; Grace and Cohen, 2010; Crane and Matten, 2015). In this approach, business ethics is presented to management students as a bounded practice, where business is generally treated in a celebratory positive light, and ethics education is a quasi-science comprising mainly psychology and economics, and largely unproblematic. Wray-Bliss (2009), Parker (2002), Jones, Parker and ten Bos (2005), and Locke and Spender (2011) variously but consistently critique this approach to ethics education, in that it closes off discussion and debate on political, ethical and philosophical issues for management education and management practice:

*When we claim that something is ‘good’ or ‘bad’, ‘right’ or ‘wrong’, ‘moral’ or ‘immoral’ we are making some very firm assertions about other people’s behaviour. To condemn or praise someone else’s actions is one of the most powerful things we can do with language, and that others can do to us.*

(Jones et al, 2005: 13).

And yet:

*Neither philosophers nor ordinary human beings have come up with any sort of law that seems to apply to everyone, all of the time, in all places...in the moral domain there is always the shadow of freedom, and this will involve difference, disruption and unrest.*

(Jones et al, 2005: 15).

Jones et al., (2005) describe the formation of this boundary around business ethics in terms of ‘foreclosures’. For example, Jones et al. claim that business ethics is almost silent in matters of philosophy: indeed, that it forecloses philosophy. The field of study is dominated instead by isolated individuals: an ancient Greek (Aristotle), a late 18th century German (Kant) and two 19th Century Englishmen (Bentham and Mill), with almost no mention of 20th century philosophy (such as Foucault, Bourdieu, Levinas or Jonas) let alone major perspectives in other dominant cultures (e.g. China) (Jones et al., 2005).

Other recent critiques of Business Ethics also champion themes that are not only consistent with our own concerns but share similar aspirations. Beabout (2013) for example interprets public criticisms expressed in the aftermath of the GFC (such as the Occupy movement) as a call for virtue in management. Beabout, as a former business practitioner, moral philosopher and management educator, is highly critical of the approach to virtue ethics adopted in many Business Ethics texts through the massive influence of Alasdair MacIntyre – who “envisons the manager as an amoral character entirely unconcerned with and unable to embody the virtues” (Beabout, 2013:4; see also Rego, Cunha, and Clegg, 2012).

Similarly, this concern with the lack of explicit philosophical underpinnings of business ethics education is taken up by a group of international, interdisciplinary scholars and practitioners (who label themselves as *The Humanist Management Network*). Their work focuses on fostering deeper academic commitment to ground humanist values of dignity and well-being through management education (for example, Amann, Pirson, Dierksmeier, Von Klimakowitz, and Spitzeck, 2011; Adkins, 2011).

 Thus, whilst some may defend Business Ethics as a subject (Hooker, 2004) we argue, along with critiques above, that the scale of the GFC exposed systemic problems in traditional Business Ethics, specifically a failure to address taken-for-granted assumptions of business in society and a resulting failure to foreground graduate capabilities for public trust in moral judgement (Jones et al., 2005; Jarvis 2009, 2011). It is against this broader context that we suggest that teaching business ethics education needs to form part of a larger profession-like commitment and orientation for educators and practitioners in regards to the role of university-based management education today, and more specifically, in cultivating a moral-relational graduate disposition for practice or *praxis*. In contributing to this theoretical and practical agenda, we examine Aristotle’s *phronesis* – or practical wisdom – and consider how this may be introduced, and in turn cultivated in management education. In doing so we address calls from Chia, Holt & Yuan (2014) and Ims & Pedersen (2015) who, while outlining the relevance of *phronesis* in management education, argue for the need for scholarly work on “cultivating” *phronesis* as a disposition as a vocational call in the interests of the public good (Chia, et al, 2014:62).

This paper is structured as follows. First, we introduce *phronesis*, principally via its place in history and contemporary philosophy as a distinctive form of knowledge regarding practice. We consider the source of *phronesis* in Aristotle’s *Nichomachean Ethics* and explore the recent work of Flyvbjerg ([Flyvbjerg, 2001](#_ENREF_4), [2006](#_ENREF_5); [Flyvbjerg, Landman and Schram, 2012](#_ENREF_6)) a leading proponent of *phronesis* in the social sciences and so including management education. Second, we extend Flyvbjerg’s analysis to consider the largely neglected approach to cultivating *phronesis* and suggest how to apply this theoretical approach in concrete pedagogical methods. We provide an empirical example of changes in approach, curriculum and techniques of the educators in one Australian business school and detail one classroom activity that highlights major differences (and arguably value) of using a more phronetic approach. Third, we reflect on the opportunities and difficulties in developing and applying this approach, outlining empirical and theoretical contributions to the field of business ethics education. To conclude, we reflect on the role and relevance of *phronesis* in developing business ethics education, in terms of a broader professional project reconceptualising the (ethics in management) field as a publicly proclaimed stewardship of university-based business schools.

**Understanding Phronesis**

In the *Nichomachean Ethics* (trans. 2009) Aristotle (384-322 BCE) drew distinctions between actions, guided by different dispositions. *Phronesis* is a form of knowledge (*logos*) oriented towards practical-moral judgment – that is, decisions about what constituted a (flourishing) “good life” for an individual (living in the polis) and is central to Aristotle’s Virtue Ethics (from Aristotle's *Nichomachean Ethics*) ([Aristotle, 2009](#_ENREF_2)). Here, *phronesis* is distinguished from other forms of knowledge proposed by Aristotle (*episteme* and *techne*), and is seen as practical wisdom or moral judgement. *Phronesis*, as practical wisdom, is both moral and intellectual excellence. It is different to top-down deductive thinking (*episteme*) and from rule-following procedures (*techne*) and only builds through deep experience of life and progressive formation of excellences in virtues - *ethimos* (Sherman, 1997:243). As Hartman (2006) describes:

According to Aristotle, in many such cases the best we can do is to rely on the intuitions of an experienced person with a good moral track record - that is, a person of practical wisdom (*phronesis*; the word is sometimes translated as prudence). If s/he says, "I'm just not comfortable with that," Aristotle takes the discomfort seriously, for that emotion has cognitive weight”(2006:74)

Recently, Flyvbjerg (2001; 2006) has become a major proponent of *phronesis* as a theoretical and empirical approach across the social sciences, providing a generative interpretation of *phronesis* for our application to management education. Flyvbjerg (2001) revisits the fundamental distinctions in Aristotelian understanding of knowledge, and in so doing, clarifies the contemporary significance — or more accurately, insignificance — of *phronesis*. Flyvbjerg (2001; 2006) presents Aristotle’s forms of knowledge in truncated but powerful terms, summarized as:

***Episteme***: Scientific knowledge; universal, invariable, context-independent; based on general *analytical* rationality.

***Techne***: Craft/art; pragmatic, variable, context-dependent; oriented towards production; based on practical *instrumental* rationality governed by a conscious goal.

***Phronesis***: (knowledge of) ethics; deliberation about values with reference to *praxis*; pragmatic, variable, context-dependent; oriented toward action. Based on practical *values* rationality. (Flyvbjerg 2001: 57, emphasis added)

Broadly, Flyvbjerg (2001; 2006) argues that *phronesis* is needed to balance *episteme* and *techne*, and that *phronesis* is only formed through experience. This is consistent with Dunne (1993) who also made similar distinctions and suggested seeing *phronesis* in terms of an individual’s practical judgement based on experience, and not as an impersonal, rational application or technique. Dunne (1993) explains that while *techne* was originally “based on practical instrumental rationality governed by a conscious goal” (Dunne 1993:228), it is now seen via the “lure of value-neutral techniques” where rationality is “explanatory, generalized, systemic, and transmissible” (Dunne 1993: 228). By contrast, *phronesis* as a form of knowledge is from deep involvement in “concrete situations, where that involvement is responsive and resourceful – in ways that only come from the character and disposition of the person, formed through that person’s life-history” (1993:228).

Flyvbjerg argues that in Western cultures, societies have prized both *episteme* and *techne* above all else, neglecting the vital, balancing role of *phronesis*. He suggests that this is particularly evident in management research, whereby management scholars, as many social scientists, seem to remain hindered by the pretence of emulating ideals of natural sciences in organizational research (Flyvbjerg 2001). This contributes to a disengagement with important societal issues, as the complexity of these issues may be better explained (or at least supportively analysed), by the analysis of language, discourse and narratives that reveal power structures, produce meaning systems and larger framings of problems (and solutions) that may then guide policy decisions and collective action. For example, Clegg (2006; 2010) notes that complex problems such as global warming and global poverty, or the so-called Arab Spring, the Occupy-Wall Street movement, the wars of intervention that the West has waged in recent years, cannot “be addressed to a sufficient degree either through a focus on the market or on the institutions of the corporation”. More phronetic and values-based questions in organization and management research, and social sciences more broadly, would ask: is this development desirable? What, if anything, should we do about it (Flyvbjerg 2001)? It is such questions, on the consequences of organizations and managers for society and stakeholders, which would assist in opening up analyses to issues of inequality, conflict, oppression and power, and to begin cultivating moral-relational judgement in management education. Such questions extend the common questions asked in business ethics education – eg, in whose interests is this action been taken? Who benefits from this action? What harm can arise from this action – to whom or what?[[1]](#footnote-1) (Flyvbjerg, 2001: 60; Lancione, 2013).

While we recognise some critiques of Flyvbjerg’s work in the broader social sciences (Eikeland 2006, 2008; [Pangle, 2013](#_ENREF_12)), we maintain that *phronesis* offers much potential for organizational and management scholars (Townley, 1999; Tsoukas and Cummings, 1997), in particular for re-conceptualising business ethics in terms of cultivating a distinctive and realist profession-like disposition worthy of university-based education.

**Cultivating phronesis**

While phronesis is gaining in interest and prominence across disciplines (for example, not just in the management literature but also via character education[[2]](#footnote-2)), “actually cultivating *phronesis* is typically given short shrift” (Kristjansson, 2015: 85). There is a challenging connection between knowledge and action as Kemmis (2012) describes:*“Phronesis* cannot be developed directly – and it not something that can be *taught*; it can only be *learned* – and then only by experience. To the extent that *phronesi*s can be taught at all, it can only be taught indirectly” (2012).

In Book VI of *The Nichomachean Ethics* (trans. 2009) Aristotle drew distinctions between three different kinds of knowledge, each guided by unique dispositions and actions (that is, *episteme*, *techne*, *phronesis).* However, when each form of knowledge is seen as a *disposition* and connected to *actions* we see a more fulsome account. As a general overview (and one that is frequently lost in translation) Aristotle emphasises first that each form of knowledge is important, and more, that *phronesis* is essential in *balancing* both *episteme* and *techne*. For our pedagogical purposes we begin to recognise the more challenging connection of *phronesis* (practical wisdom) with *praxis* (wise action in a given situation)*.* Kemmis’ (2012) account of that phronesis-praxis relationship is central to our argument:

*… Phronesis* cannot be understood outside of its relationship to *praxis*. *Praxis* today is understood in two broad ways. In the Anglo-American tradition, *praxis* is generally understood as ‘right conduct’, whereas in much of Europe it is understood as social action with moral and political consequences. It is *praxis* that allows *phronesis* to develop” (Kemmis, 2012:148-151, emphasis in original).

Kemmis’ work (2008, 2012) on Aristotle’s dispositions helps to situate the potential of *phronesis* in management education for the power-saturated tensions and contests of profession-like practice. More specifically, this means exposing students (through extensive [work-based] experiences) to a counter-cultural, jointly emotional and thus values-rich yet intellectual approach to entrenched neoliberal management theory and practice. What distinguishes this *phronesis* approach is that it calls for integrating (Roberts & Wood, 2007) or synthesising (Kristjansson, 2010) both justice-based emotions and moral judgements as means to regulativedirection (Zagzebski, 1995). Aristotle’s *phronesis* - as a hybrid of emotional and rational approaches – thus warrants renewed and mounting interest in moral virtue and character (Kristjansson, 2006, 2015) in theorizing education for management practice.

While we recognise critiques that business and management could not strictly be considered “professional” in the institutional sense (Abbott, 1988), we compromise by referring to our ambitions for cultivating “profession-like” judgement, conveying a public expectation of profession-like behaviour, that is, sound business-related judgements (analytical rationality) while also avoiding causing unnecessary suffering (values rationality/moral judgement). Thus, our focus on *phronesis* as a moral disposition and its connection with actioned politically aware judgement (in *praxis*).

**Building a ‘Phronetic’ Approach into Management Education**

The inclusion of *phronesis*, or practical wisdom, into management education offers the potential to recover moral considerations into management practice (Roca, 2008). A phronetic approach seeks to prepare students for the practical and often contested, deeply challenging decisions they are likely to face, avoiding what could be perceived as the “ethical smorgasbord” approach (Rosenthal and Buchholz, 1999:3). Introducing *phronesis* also assists in reconceptualising management education - not as needing a business ethics subject but in terms of “attention to values, virtues and context” (Roca 2008:607; see also Rooney, McKenna, and Liesch, 2010; Thompson and Bevan, 2013; Morrell, 2012; Griseri, 2013; Spender, 2014) and for higher education more broadly (Nixon, 2011; Walker, 2006; Roberts and Wood, 2007; Gibbs, 2004; Polkinghorne, 2004; Augier and March, 2010).

In postgraduate management education, the case study has long been recognised as a way of teaching business ethics and also other general management subjects such as strategy (for example, Hartman, 2006). The value of a case study in business ethics education is that “students begin to learn to see business issues as moral issues and grasp their salient features” (Hartman 2006:76) and also develop their intuition. Relevant to the cultivation of *phronesis*, the experience of a case study, in exercising moral judgement, provides opportunities for students to “develop moral imagination and thus practical wisdom and thus good character” (Hartman 2006: 78; see also von Weltzien Hoivik 2004). For example, Roca (2008) provides an apt description of how a Harvard Business School case on Wal-Mart and their low-cost strategy can be taught as a traditional case of understanding strategy and defending competitive advantage, yet can also be used as a case to illustrate conflict between economic and social objectives as Wal-Mart’s employment practices, provision of health insurance and impact on local economies. Introducing material on the consequences of a low-cost strategy sees the moral challenge of management emerging and students become increasingly “aware of the ethical dilemmas and the moral consequences of a low cost strategy” (Roca 2008:617). In building upon and extending these reflections, we present a detailed empirical account of a foundational subject in postgraduate management education that is adopting a phronetic approach. Central to this subject, and its goal of developing the moral-relational capabilities of graduates, is a ‘lived case study’. This experiential exercise demonstrates the contribution of a more phronetic approach in management education and how it may be implemented.

***Educational Example: The Subject Context***

In an elective postgraduate subject entitled “Leadership, Coaching and Mentoring”, typical contemporary management functions and issues (decision-making, organizational change, innovation, organizational structure) are approached via a series of theoretical lens in order to aid “making sense” (Weick, 1995) of contemporary practices. These approaches are progressively critiqued with a view to open students to the ambivalence (Wray-Bliss, 2009) of long-established structures and practices before drawing on a series of concepts to encourage exploration and development of alternative, relationally oriented approaches, for example, practice theory and the ethics of practice (Flyvbjerg, 2001, Kekes, 1993) and design-integrative thinking (Brown, 2009).

Fundamental and common to the original and foundational subject is the ongoing development and enactment of a ‘lived’ case study. In this semester long course (13 weeks), students participate in role-playing exercises over several stages (across weeks), to learn what it is like to lead, to manage, to be led, to be managed. Throughout these exercises, students are encouraged to identify and critique ‘taken-for-granted’ assumptions in their own and others’ managing and leading practices and scripts. This serves as groundwork toward developing personal “philosophies” of managing and leading, cultivating awareness of the value of action-guiding principles of moral judgement.

***The ‘Lived’ Case Study: Role-play Using a Phronetic Approach***

This generalised, factually based experiential exercise provides essential groundwork necessary to credibly begin to illustrate the need for alternative stakeholder oriented approaches to management organization i.e. to begin cultivating an understanding of “what it is like” as shaped by phronetic forms of moral judgement. Students are presented with a case study that they will have to enact that involves a large manufacturing company where a decision has been taken to restructure and close one of its regional manufacturing plants. The case begins with the Managing Director travelling to the plant to announce the closure to the workers. Students take on roles of the Managing Director, local managers, union representatives, workers and the local media (who are tipped off about the closure). Table 1 outlines the various roles; importantly students must personalise these generic roles (i.e. what is their age, gender, family and personal circumstances – single, several children, unemployed partner and so on).

*--- Insert Table 1 about here ---*

The pedagogical sequence/stages (and required readings) of this experiential exercise in organizational restructuring and plant closure is designed to progressively deepen student engagement through broad experiential learning cycles, specifically:

1. Cultivating moral imagination via an assessment requiring research into the BP explosion in the Gulf of Mexico in 2011;
2. A challenging introduction to a continuum on ways of thinking, together with three of Aristotles’ forms of knowledge and Todorov’s *Hope and Memory*, as additional preparation to engage;
3. A concrete experience with the role-play of a factually grounded plant closure;
4. Extensive debriefing (of role-play and subsequent factual account), essential to
5. Cultivating ongoing reflections for drafting a personal philosophy of managing and leading (an assessable task as part of a “leadership portfolio” – maintained throughout the subject);
6. Encouragement to incorporate their learned insights and concepts (from this role-play and reflections) into workplace practice and student-group learning experiences – ie, as new concrete experiences not just for their portfolio but for extending their learning cycle into *praxis*.

With the roles outlined and the factual context emphasised (but crucially, with the “real MDs” role to be kept back until *after* the role-play) the Educator is in a position firstly to invite students to nominate their preferred role and secondly to prepare students for their various roles. That sequencing (and related briefings) is set out in Table 2. Also included in Table 2 is an outline of the first round of debriefings – which prove central to the formative influence of this role-play for many students, and essential to a final assessment – preparing a reflective (“reflexive” in intent) journal/portfolio of their learning experience for managing and leading praxis.

 *---Insert Table 2 about here ---*

In demonstrating the student experience of this role-play, we present a brief account from student responses in two recent applications of this learning experience. These broad based accounts constituted the pilot phase (in 2013/14) of what has since become a deeper research project of post-graduate management students’ attitudes and values in understanding current and prospective practices of managing and leading.

***Student Reflections from this Role-Play***

Immediately following the role-play, debriefing and class discussions, we surveyed students, receiving responses from some 90 students across two classes (in 2013/4) to four questions:

1. *Before the role-play:* What were your first thoughts when you heard of this role-play?
2. *During the role-play*: I felt … because …
3. *After the debrief*: The role-play made me think about …
4. *Finally*: What was the influence of this role-play in developing your own philosophy of managing & leading?

While several themes are readily evident (for example, broad questions of identity as local/international students, alongside roles as worker/manager each mixed with varying levels of workplace and management experience), a key trend emerged. Responses revealed a largely unanticipated depth of emotional engagement with the experience. The combination of direct engagement with the role-play, which was then aligned to the factual account in the case was a formative experience for most students. For example, irrespective of the specific role played (MD, employee, media representative, observer) or in hearing the account of the “real MD”, the formative experience was in “learning what it is like”, and learning that it was overwhelmingly and confrontationally emotional. For many students, the plant closure served as a shock from not having experienced anything like it, to some students who had or knew of the experiences of others having been made redundant. For some international students (e.g. Japanese, some Northern Europeans) the event (including management rationale and approach) was broadly unfamiliar, a genuinely foreign experience – and almost always confronting. Commonplace however were expressions of anger, disgust and frustration (in the manner in which the decisions were made and communicated), feeling constrained or conflicted (with how they sensed they were “supposed”/ “trained” to act as managers), with the vast majority expressing a generally stressful/emotional experience (reportedly atypical for many of these management students).

 Given the prompt in the final question regarding the impact of the experience on how they might think about their own philosophy of managing and leading, many recounted how the impact of the role-play triggered some kind of revision to their future actions – either in management or as employees. For example, some could no longer consider the emotional impact as irrelevant to their practice; they could now identify and empathise with not having any part other than being on the receiving end of management-controlled events. For one student (and central to every class debriefing over many years) it was learning what it is like to see the senior management role being played out *merely as an agent* – i.e. in having to implement a decision knowing that employees had not been prepared nor engaged at any stage. The experience was too searing to disregard future impacts on people’s lives and communities. Witnessing others reactions and attitudes - even in a synthetic engagement – proved confronting for most. Other students reported being embarrassed as they recalled their own roles in previous management and workplace experiences. One student repeated his class discussion contribution of drawing on the spread-sheet statement from the “real MD”: recounting having been party to developing a spread-sheet to justify redundancy for one executive, only to be required to develop another spread-sheet to reverse the decision.

Despite significant differences in student cohorts over many years, the emotional themes in this formally gathered feedback is repeated on every occasion – not least confrontations in class between those holding and those challenging the agency views of the MD. Even the rare exceptions where the student electing to take on the MD role has exhibited commendable empathy in making the announcement the factual circumstances of the closure always generates the full range of emotional reactions – from expressions of frustration to protracted anger and disgust. In the discussion section that follows, we examine implications of such student experiences – specifically in terms of what we might learn for cultivating *phronesis*.

**Discussion: Opportunities and Challenges in Developing *Phronesis* in Management Education**

The experiential case above was crafted to draw upon Aristotle’s broad depiction of phronesis in his *Nichomachean Ethics* (see especially Sherman, 1997; Eikeland, 2006, 2008; Hughes, 2013), with Flyvbjerg (2001) adding questions of power. Admittedly, many students are initially perplexed by the relevance of a values-rich orientation to what they perceive to be the entrenched instrumental and rationalist (*techne*) views of management. The emphasis in this experiential case is on developing "perception, empathy towards cultivating judgment" (Vetlesen, 1994); very different to perhaps other styles of case studies used in strategy classes where a more deductive reasoning often (yet not exclusively) seeks universal and so uncontextualised findings. For example, an approach grounded in *techne* would favour a set of rules and instructions, probably placing primacy on only economics and financial considerations. An approach grounded in *phronesis*, focuses on making moral judgments that avoid "undeserved harm" ([Kekes, 1993](#_ENREF_9)) and avoid “unnecessary suffering” ([Glasman, 1996](#_ENREF_8); Gadamer 2006). While these views broadly define professional ethics (Koehn, 1994, 2001), they have also been espoused by the Carnegie Foundation regarding business education (Colby, Ehrlich, Sullivan, and Dolle, 2011). From this perspective, “preparation for every profession ought to be concerned with how to improve its students’ commitments to this goal - especially for those who are concerned with the social meaning and contribution of business, the cultivation of practical wisdom (*phronesis*) should be understood as essential” (Colby et al, 2011: 68).

While deceptively attractive at the cognitive level, there are nevertheless misgivings as to what traction such an approach might have with business students – especially those doing the MBA, those with some reasonable depth of prior business and organizational experience. From Aristotle’s work who would know what now constitutes “good” for a nebulous concept such as a city (such as the ancient Athens)? How? What might be connections between answers to those questions with the variable skills and capabilities of business/management practitioners? Pangle (2013) notes that in such endeavors, tensions may arise from differing attitudes as to what constituted knowledge and the means of acquiring knowledge – specifically between those whose preference and upbringing called for precision (Aristotle likened them to scientists and mathematicians) and those who through their upbringing are open to being persuaded through reasoned argument and example (through *logos* and reason and feelings), who in turn were put off by or bored by the precision of mathematic explanation.

We find that the build-up to the experiential case study provides postgraduate students who may be more familiar with or have a preference for values-free mathematical, scientific, or engineering ways of knowing such as Finance, Economics and Accounting (Khurana 2007) with the experience of being challenged with phronetic questions: “is this desirable”? In our experience, many such students struggle especially from the early phases of the groundwork regarding the imagined restructure in the exercise, with some voicing clear opposition not so much with the situation of the restructure and plant closure but with the “philosophical” issues raised for exploration and discussion around both. While this can be a challenge in the classroom, we also argue that it demonstrates the need and opportunity for a phronetic approach – especially via experiential learning as *praxis* - in that it emphasises:

1. The transformative influence of situated experience – highlighting the essential role of translation and interpretation in human affairs, and so the experience of finding common ground through dialogue (Dunne, 1993);
2. A particularist approach (situational) is clearly opposed to universal notions of management practice – that is, opposed to economic rationality (e.g. as in utilitarian rational choice theory) and related “cookie-cutter” solutions (*techne*) (Spender, 2014). Role of particulars places emotions/feelings and rationality as essential to moral judgement;
3. The *realpolitik* asymmetry of power in workplace relations (Flyvbjerg, 1998). This was evident not just in the role-play (where decisions had been taken without even considering engaging plant personnel) but the accounts of how power took its toll on the “real MD”. For many students the seemingly commonplace acceptance of the *realpolitik* asymmetry of workplace power was confronting and “shocking”;
4. Much greater emphasis to personal processes of contextualised deliberation through to judgement and decision-making. This includes a deepening capacity for exploration, *self-*awareness and reflexivity amid ongoing ambiguity (Shotter and Tsoukas, 2014b; Keane, 2016); and especially the experience of legitimising emotional responses as central to all forms of education (Lund & Chemi, 2015);
5. The neglected case for cultivating *moral imagination*, (Tomasello, 2016). Indeed, in so doing recognising our inherited morality and experienced second-person sense of “the other” (Vaish and Tomasello, 2013; Tomasello, 2016; Keane, 2016). This recognition of “the other” was seen in the student feedback with many references to being shocked, first by the *realpolitik* of workplace power in this organization – demonstrated at this plant.

The lived case study in other words provides the groundwork needed to explore and question supposedly “foundational” philosophical assumptions in business: for example, exposing otherwise unchallenged economistic presumptions in agency theory, identifying our interdependence with “others”, that is, beyond the self-interest that massively and for so long has misappropriated Adam Smith as championing neoliberal economics and our lives (Force, 2002; Sen, 2010; Clarke, 2016; Tomasello, 2016). A major outcome is identifying for example how the lived case at first triggered for many students a broad group of emotions which constitute what evolutionary anthropologist and psychologist Tomasello calls the *morality of sympathy* (what we’ve called “learning what it is like”), compassion and concern-based. This is akin to Smith’s notion of the need to imaginatively nurture sympathy in his largely ignored work, *The Theory of Moral Sentiments* (Sen, 2010).

The lived case study also supports our argument for moving beyond business ethics to reawakening Adam Smith’s moral base to business (Clarke, 2016), and thus to question entrenched but underexplored/ foreclosed moral assumptions in Anglo-American management curriculum and practice. It would then be a small step to link this moral basis to pedagogical (*praxis-phronesis)* questions addressing public concerns for the trust deficit in management practices (Harris et al., 2014), and perhaps more pointedly, extending critiques and questioning of what warrants public confidence in university qualifications (Winch, 2010).

**Concluding Remarks**

We find that one of the great merits in drawing on *phronesis* in management education is the educative value of seeing firstly *phronesis* as moral judgement and secondly the place of judgement in particulars. Both judgement and particulars call for deliberation and sensitivity and awareness for the need for deliberation. In the absence of both there is the risk of a purely technical application of some process (i.e. *techne*) which would be devoid of human particulars, and the consequences or harms that would likely flow. We would however not want to leave our exploration as solely related to emotions and *praxis*. Reconnecting these to Flyvbjerg’s original focus on the missed power dimensions in *phronesis* and *praxis* is essential to engage students in the *realpolitik* of organisational life – a process students experienced in the role-play and through the account of factual power for the “real” MD. That phronetic dimension of power already has a supporting literature (Flyvbjerg, 1998; 2001; 2006; 2012). And while beyond the scope of this paper we would not want to leave presumptions that judgement and deliberation in *praxis* was the final issue to be addressed. A great deal of attention would be warranted in understanding for example the construction of *principled reasoning* that is both followable and reasonable by those affected by *praxis* (see especially O’Neill, 2015). In other words, while *principled reasoning* and explorations of *realpolitik* in organizational life will help to develop more nuanced, contextualised approaches, in this paper we have premised those developments on students experiencing profession-like, dispositional merit in *phronesis* and *praxis*.

In this paper we have described the potential and need in adopting a phronetic based approach to the issue of business ethics to assist in addressing much broader concerns over management education’s value, contribution and standing in society. While we are not the first to consider how practical wisdom could contribute to management education (for example, see Roca, 2008; Rooney et al., 2010; Colby et al., 2011; Morrell, 2012; Thompson and Bevan, 2013; Spender, 2014, Shotter and Tsoukas, 2014a; Shotter and Tsoukas, 2014b; Nonaka, Chia, Holt, and Peltokorpi, 2014; Statler, 2014) we hope that our detailed and illustrative application of the approach and commentary on an experiential case exercise to be used in management and organization could serve as a useful pedagogical resource for fellow educators, and in so doing contribute to the debate on the public accountability of preparing graduates for profession-like stewardship in university-based education (Amann et al., 2011).

While some may argue that moral reasoning, let alone moral imagination and judgement, cannot be taught in a classroom (Nickerson, 1994), we agree with Hartman that “At least we can disabuse students of the notion that ethics is by its nature opposed to their interests, show how certain virtues are compatible with a good life, and argue that integrity is a necessary condition of it” (Hartman, 2006:78).

 More broadly, this approach further enables educators to contribute to the public good (Nixon, 2011) through cultivating specific graduate capabilities – reshaping management practices to achieve impacts that are not merely economically sound but also interdependently sustainable for society. When that public good is seen in terms of committing to a defining management capability, a moral-relational stewardship in making and defending profession-like, morally accountable judgements, accepting the reality of dissensus (Rescher, 1993), we will have in our view come a long way beyond defending business ethics.

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**Table 1. Roles and Descriptions**

|  |  |
| --- | --- |
| **Available Student roles in the case study** | **Role description provided to student.** |
| Managing Director of Plant (MD) | MD is someone who has some workplace experience (not less than a couple of years, but equally, not extensive experience as this is aimed at enabling someone relatively inexperienced to engage with a major management situation) MD is to announce – and own/take responsibility for - the decision as to *when* the plant will shut, not whether or how. This is vital – and factual. The MD has been instructed by US-based parent to find massive cuts in costs. After extensive analysis the MD decides that in order to meet the requirements of the parent company there is little option but to close the factory and shift production to China. Factory staff (in this or any other plant) have no inkling that there is any financial problem with the company. This announcement will be a total shock. On the grounds of legitimacy and credibility alone the MD is encouraged to *be themselves* – ie, not to work to a script from HR or the Legal department. Therefore they are to spend their preparation time thinking through what they want to say to the factory staff – mindful of what staff members are likely to be concerned about. Factory is located in a rural environment.  |
| Human Resource Management (HR) | Ideally someone undertaking an HR stream in concurrent studies. HR must provide advice/be a “sounding board” to the MD in preparation for the announcement. While present at the announcement – alongside the MD - the HR Manager is not to take an active role – unless called upon by the MD.  |
| Factory Manager (FM) | Selection is someone ideally with shop-floor understanding; FM is to stay with factory workers as they prepare. Given prior notice only the evening before the announcement, this is recognised as an awkward position for the FM - but one where they have to find their own way of handling that situation when the role-play begins.  |
| Union Delegate (UD) | As for the Factory Manager,but aware that in this rural setting factory workers identify more as “family” than as union members. Also to stay with shop floor workers as they prepare. |
| Media Representative (MR) | Media representative. This is local media only – national media are no longer interested in factories closing and moving production offshore. Nevertheless, the MR is concerned about the impact of the closure on the local community. Arrives at the factory late after being “tipped off” that the MD is making an announcement. MR is unlikely to be welcomed by the MD – maybe also (but not necessarily so) by the factory staff. Uninvited, the MR starts to ask questions of the MD pointing to why staff did not know about this closure / has the MD taken into account the impact on the town/ etc. MR is insistent that this is not just factory news for employees but for the viability of the town. MR gets abrasive if the MD is evasive and or dismissive.  |
| Factory Staff/Family members | Ideally 20-25 students with a very broad diversity of age, experience, backgrounds. Students to decide who are family members/who is pregnant/longest serving/international students getting work experience travelling around Australia/etc. Students are reminded that this announcement is a shock, so let the news firstly “sink in” for a while until it becomes obvious what is happening. Then engagement in the role takes place. Students are reminded that what follows may well be their own future experience – so when the role-play commences to avoid laughing at the novelty, mocking other’s “acting” etc. and to empathise with the role.  |
| Observers | Call for 5-7 students. Ideal for mix of students with little to extensive work experience. They are to identify a range of topics to consider – principally around the manner in which the announcement is made and explained by the MD. They are to include and consider:1. The extent to which the MD appeared to “understand the world of the workers” as this had been previously introduced as vital to leadership legitimacy and credibility, and
2. The language used by the MD – was it “inclusive or exclusive” “them/us”, etc? These questions are based on an introduction to Todorov’s views (in *Hope and Memory, 2003*) about the potentially dehumanising impact when using collective nouns (“staff”, “employees”, “locals”, etc) together with his contrasting views of the *Grammar of Totalitarianism* [“them v. us”] and the *Grammar of Humanity* [“we”] in previous lectures, reading and discussions.
 |

**Table 2. Role-Play Sequencing**

|  |  |  |
| --- | --- | --- |
| **Stage** | **Description** | **Materials for Educator/for Student.** |
| Prior to the case study | **First assignment – cultivating moral imagination.** After several lectures/classes exploring personal experiences of managing and leading/introducing traditional models of leadership alongside readings on “bad leaders” students are required to explore background materials on the BP explosion in the Gulf of Mexico in April 2011. After summarising their findings from their self-directed research students are required to write three separate letters (in first person), imagining correspondence with a loved one/family member from three individuals reflecting their thoughts/concerns after the explosion. Those three letters to come from: (1) an oil rigger working on another BP platform (2) a UK based, self-funded retiree, dependent on BP dividends and (3) a young US based engineering graduate hoping for employment with BP. Rationale provided to students for this assignment is the importance in managing and leading of “understanding the world” of those affected by management decisions – ie understand the place of work in their lives. Students have been encouraged up to this point to see that in turn this awareness and understanding will shape how they are viewed by those they seek to lead or are called to manage. This awareness then revolves around questions of personal legitimacy, authority, credibility and character – key themes clearly articulated in the subject outline and expressed as the grounds for their developing a “personal philosophy of managing and leading” – a pedagogical ambition embraced by many – not all - students taking this subject. Some students are incredulous as to the practical merit of this endeavour but equally many have heard from others that it is a confronting and engagingly useful subject. The unstated aim of the assignment is to cultivate moral imagination, empathy and alerts to indifference and neglect (Shklar) as groundwork for the forthcoming role-play. | Heifetz, R. (1998) *Leadership Without Easy Answers*Kellerman, B. (2004) *Bad Leadership*Barkan, J., Abbott, J. (2004) *The Corporation*Gibney, A, (2005) *Enron: Smartest Guys in the Room*Reitman, J. (2009) *Up in the Air* Chandor, J.C. (2011) *Margin Call*Lewis, M., McKay, A. (2015) *The Big Short*Jaques, E. (1976) *A General Theory of Bureaucracy* Noon, M, Blyton, P., and Morrell, K.( 2013). *The Realities of Work.* Shklar, J. N. (1990), *The faces of injustice*. |
| 1. (a)

   (b)(c) (d) | Introduce students to three ways of thinking – declaring in advance that the first two are commonplace (esp in Anglo-US business, management thinking and practice) and “dangerous”: 1. *Reductionist*: avoids or reduces complexity to one dimension – “which is ‘simplistic, crude and brutal’” Examples: KISS (“Keep it simple stupid”); “at the end of the day it’s all about … (Bottom line/ROI/productivity/KPIs/shareholder value/our vision/our way of life/etc)”.
2. *Relativist*: the commonplace postmodern “all views are welcomed – and considered equal”. If so, this endorses slavery, apartheid.
3. *Pluralist:* there is no one way/one value, nor simply any option in seeking to lead good lives. Pluralism calls for recognition of multiple options in leading good lives but distinguished by avoiding the two extremes above – a “mode of reflection” which Kekes names as characteristic of *phronesis*, viz avoiding causing undeserved harm.

Introduce students to Aristotles’ three forms of knowledge and related rationality:1. Scientific (*episteme*): analytical rationality.
2. Technical (*techne*): instrumental rationality.
3. Practical Wisdom (*phronesis*): values rationality.

Introduction to Todorov’s works on (i) the Grammar of Totalitarianism - “them v. us” and the Grammar of Humanity (“we”) and (ii) the potential dehumanisation in the commonplace use of the collective nouns (eg “staff”, “employees”, “shop-floor employees”, “management”)(Optional) Read and discuss an extract of Shklar’s *Faces of Injustice* using Giotto’s image of Injustice as indifference and neglect. | Background reference: Toulmin (1992) “Cosmopolis” – a historical exploration of dominant ways of thinking, specifically the search for certainty (Dewey) and the historically grounded warrant for reasonable humanism amid uncertainty.*Reductionist*: Jarvis (2009), pg. 87-8.*Relativist* and *Pluralist*: Kekes, (2000)“Undeserved harm”: Kekes, (1993) pg. 1.“Unnecessary Suffering”: Glasman, M, (1996)Flyvbjerg,(2001)Todorov, T (2003) *Hope and Memory. –* extracts (pg 5-32) – focusing on millions of lives lost in wars/genocide through the 20th Century, where in order to avoid dehumanisation “lives” ought to be recalled/named one by one. NOTE: Perhaps illustrate with clip/short video/pause to mention how the then President of Norway (Jens Stoltenberg) named each of the 77 victims of the Oslo massacre in 2011. Shklar (1990) *Faces of Injustice* – an extract. |
| 1. (a)

2 (b) | Introduce role-play: Present factual background of plant (without the exact outcomes): rural-costal town with history of long term employment concentrated in 2-3 manufacturers; limited population and work opportunities beyond these major employers; plant with 80 year history as part of iconic Australian manufacturer, 80 employees, with average 20 year service. Context is late 1990s/early 2000s - a time of massive organizational restructuring due to global competition – a process of major cost reductions, frequently met with plant closures with organizations moving to cheaper manufacturing offshore, most often to China or Vietnam. At the same time this offshoring process is sufficiently commonplace as to attract only nominal (local) media attention. Describe the factory scene where the announcement of the plant closure is to be made (to fully unsuspecting employees) at the beginning of the morning shift (7am in factory canteen). The roles to be played are listed: Managing Director (MD), HR Management, local Factory Manger, Union delegate, local Media Representative; factory workers (with significant number being related/family members having worked in same plant over many decades). A number of students will have the opportunity to be observers as the roles unfold – their observations will help shape debriefing reflections at the end of the lived case. Call for volunteers – as per Table 1, and the specified brief. Educator visits each group (in separate areas) over the course of about 20-30 minutes to ensure clear understanding of their respective roles. In so doing the educator encourages each and all participants to take this plant closure / organization “restructure” very seriously, as something similar is highly likely to be their experience - sooner rather than later. What then will they have learned – about themselves and others? Students are reminded that pre and post role-play reflections will be vital as entries into their final assessment, a Leadership Scrapbook & Reflective Learning Portfolio.  | Briefing for Stage 2 (a) is distributed to students at the beginning of the role-play as a handout and or in PowerPoint presentation.Briefing for stage 2(b) is for Educator only. |
| 3 | Classroom to be reconfigured into a canteen setting – tables and chairs broadly scattered. Students to self-organise the room and themselves as in a canteen for a 7am meeting – waiting for the MD to arrive but unaware of the reasons for the visit.MD walks into the room and begins to address employees.  | Briefing for Educator: invite students to create canteen like setting.Briefing for Educator only. |
| 4 | Let events unfold for a few minutes until the MD is getting into the details of the announcement and whatever consequent planning they have in mind. As questions and inevitable disillusionment begin (often coupled with mounting anxiety and disbelief) – around this time (usually after about 5 minutes or so) the Educator quitely opens the door into the classroom for the Media Representative to enter into the scene. Let the session run for another 20 minutes or so.Educator stops the role-play when discussions/engagements are either going nowhere (eg being repeated) or getting seriously out of hand (eg intensive and extended abuse, threatening).Educator thanks and congratulates the MD. Invites assembly to applaud the MD (who is usually emotionally and sometimes physically drained). Educator announces a short break before the vital debriefing stages. | This briefing is for Educator only. |
| 5 | Take a 5-minute break before the first debriefing. | This notice is shared with class.  |
| 6 | Group Debrief (essential learning experience in itself):1. Class room experience: ask each role-player in turn – starting with the MD: What did you feel happened? What went well? What didn’t? What have you learned – about your reactions/others reactions? What would you want to do differently and why?
2. Provide account of the events/personal experiences of the factual MD.
3. Reflection on the factual MDs personal experiences; questions posed include: What do you see the “real” MD did/said that was similar/different to your own role-play?
4. What might we learn from the “real” MD’s experiences?

After about 20-25 minutes listening to responses the Educator summarises student reflections – highlighting the emotional depth expressed by the group. Educator encourages students to see these expressions and experiences as starting points for the next phase of their engagement in moral-relational issues. While recognising diverse and early insights students are encouraged to reflect on what they might progress as their own “philosophy of managing and leading”. More specifically they are encouraged to address the merits of identifying and consider action-guiding principles which they could articulate to staff in ways that demonstrate taking into seriously impacts of their decisions on staff as individuals, and as members of communities, societies.  | See separate account of the real-life MDs experiences with the plant closure (Jarvis, 2011) pg. 153-4 ) |
| 7 | Educator now able to ask students how well prepared they sense they are for: (i) undertaking a role similar to this MD – decisions taken and then face to face with those affected; (ii) to listen to and or critique executives’ explanations for plant closures? These kinds of questions can now be contrasted with broadly predictable / anticipated Anglo-US neoliberal / hopefully European and other responses from students on hearing the case being introduced. A reflective template is then issued for students to complete and return to the Educator – specifically:1. *Before the role-play: what were your first thoughts on hearing the class was doing this role-play?*
2. *During the role-play: I felt … because …*
3. *After the debrief: The role-play made me think about …*
4. *Finally: What was the influence of this role-play in developing your own philosophy of managing and leading?*

This debriefing then constitutes the experiential “groundwork” for introducing and exploring ideas about what that preparation might look like. The Educator is then able to offer suggestions – not hinging on undertaking some extended study of Business Ethics, but – instead more immediate explorations along the lines of **“action-guiding principles”** and ***phronesis***to help give shape to a personal philosophy of managing and leading – understood as **always a work-in-progress**.  | Kant’s “pivotal” (Guyer, 2014) humanity based imperative (Kant, 1785) is introduced along with O’Neill’s “intelligent accountability” (O’Neill, O., 2003), Kantian “action-guiding principles” (O’Neill, O. 1996), Dewey’s appropriation of phronesis (via Rogers, 2009).Links John Kekes’ avoiding causing “undeserved harm” (1990, pg. 1) with phronesisand action-guiding principles.The references in this final stage serve to enable students to personalise themes emerging from this role-play experience – themes that are succinctly addressed in Ann Cunliffe’s (2014, 2nd ed) excellent.”*A Very Short, Fairly Interesting and Reasonably Cheap Book on Management*” London: Sage. The second edition (2014) of Cunliffe’s book is critically and philosophically aligned with the pedagogical goals in this role-play experience.  |

1. We thank an anonymous reviewer for this point. [↑](#footnote-ref-1)
2. In particular to the establishment in 2012 of the Jubilee Centre for Character and Virtues at the University of Birmingham – a major educative initiative funded by the UK Government and the Templeton Foundation. [↑](#footnote-ref-2)