Phronesis: a strategic leadership virtue

Abstract

Since Aristotle, phronesis has been understood as a significant moral category. In this article, we propose a model in which we describe the role practical wisdom can play for strategic leadership development. We specifically suggest that phronesis offers leaders opportunities for learning through experience, objectifying subjective insight and having an idealistic and multi-perspective vision and, substantially enhances their levels of self-concept, humility, and the ability of managing paradoxes, conditions that are critical to strategic leadership effectiveness.

Keywords:
phronesis, strategic management, phronetic thinking, managing paradoxes, praxis, authenticity, transformational leadership

Introduction

Strategic leaders work in stimulating and competitive environments, which enhance their preference for action: they always try to specify their organization’s objectives; they develop and implement policies and plans to meet existing or potential organizational goals. They update their strategies and practices via various models of learning, coaching and observation. A company conceived as an organic entity that can learn, can also create its own processes, goals and persona. It is true that, leaders’ current choices are determined by past assessments, and consequently, strategies are mostly based on experience. But, according to Grint (2007), the critical factor cannot be simply ‘experience’ but what is learned through experience.
Can we assume that a good academic background or successful prior achievements can assure effective strategies that meet the challenges set by a changed situation? Considering that what we can perceive is only a part of an indeterminate sum of possibilities for action, and that every situation is unique, how do successful leaders choose ways of action? Furthermore, Thomas Kuhn's conceptions of scientific revolutions, suggests that knowledge involves an investigation of instabilities rather than consensus. In other words, effective leadership cannot be established on the linear transmission of knowledge from theory to the field of action; it involves more than a cause-effect relationship. ‘Right action demands more than knowledge of a set of rigid rules supposedly applicable to all situations, it also demands keen perception of relevant particulars’ (Self: 84). Such an approach makes us think of leadership, as Aristotle implied, not only as a learning theoretical knowledge (episteme) or set of skills (technē) but rather as a faculty entailing practical wisdom (phronēsis). According to the Greek philosopher, effective practices are orientated towards the collective wellbeing (political wisdom).

Purpose of the present paper is to explore the role of phronēsis in strategic leadership development. We attempt to understand how the ‘phronetic’ leaders in a concrete and unfamiliar situation can perceive the paradoxes and ambivalences and make the appropriate choices. Firstly, we attempt to define the concept of phronēsis and present its dimensions in organizational frames. Then, we explore strategic leader’s traits related to this virtue. Finally, we analyse the effects of phronēsis on leader’s effectiveness and make suggestions for further research and integration of the ‘phronetic’ approach within what we consider to be the essence of strategic leadership.

The concept of phronēsis
Whereas, Aristotle and other philosophers consider phronesis is a necessary condition for successful social organization and development, there is no equivalent term in modern thinking and vocabulary. It is often translated as prudence, practical wisdom, practical intelligence or practical common sense (Birmingham, 2004).

Aristotle, the philosopher of phronesis par excellence, describes the concept as an intellectual and moral virtue that is “reasoned, and capable of action with regard to things that are good or bad for man’ and as a ‘virtue which makes us use the right means’ (Nicomachean Ethics). He also claims that ‘it is impossible to be good in the full sense of the word without practical wisdom or to be a man of practical wisdom without moral excellence or virtue’ (ibid.). Contemporary scholars interested in this concept, support that in his Nicomachean Ethics, Aristotle proposes two definitions for phronesis (Wall, 2003). The first, reflecting ‘the human capacity of deliberating well about what is good and advantageous for oneself’ and the second pointing to the ‘deliberation about the means to the good rather than the good end itself’ (Wall, 2003). Today, literature tends to combine these aspects, putting together pieces of the conceptual picture that forms Aristotle’s understanding of phronesis. Or, Gadamer (1975) and Flyvbjerg (2006), conceptualize phronesis as “a mode of knowledge” (ena eidos gnoseos -ένα είδος γνώσεως) in a concrete situation of experience.

Practical wisdom concerns the analysis of values focusing on that which cannot be encapsulated by universal rules in particular circumstances (Flyvbjerg, 2006). Through phronesis, one can fall back on within a situation, which is uncertain. A person having this virtue (phronimos) is supposed to dispose a wide experience and an intelligent calculation of how to achieve the best result in this particular situation. According to Schwarze (1999), being responsive to a new situation requires both rational calculation (negotiation of means & ends, particulars & universals, and past experiences & present situations), and desire. In other contemporary works, phronesis is described as ‘a unifying and essential habit of the mind’
and as ‘a state of grasping the truth’ (Birmingham, 2004). For Ricoeur (1985), the French hermeneutical phenomenologist, phronesis is a ‘critical’ capacity: people who have a critical ‘phronetic’ view are people with an unrestricted vision and a wide viewpoint, who face the particular complexities of any given situation having by means of a multi-perspective consideration (Wall, 2003). Flyvbjerg (2006) using M. Weber’s terms, supports that phronesis is the capacity to balance between ‘instrumental rationality’ and ‘value-rationality’, which is crucial to the viability of any organization.

It is also of paramount importance to distinguish phronesis from related intellectual virtues such as scientific knowledge and technical knowledge. Aristotle makes a distinction between phronesis and episteme (επιστήμη), translated scientific knowledge, which concerns universals and knowledge tested in time and space (Flyvbjerg, 2006). Then, he contrasts phronesis with techne (τέχνη), translated technical knowledge or craft knowledge, which is context-dependent and related with the most effective way to reach a goal and not with the nature of the goal. Consequently, such knowledge, as phronesis is, cannot be reduced to words like 'skill' or 'craft’. Polanskly (2000) observes that practical wisdom ‘has the truth about practical human goods and bads, thus enabling its possessor to act well and to advice others about appropriate action’. Phronesis is about value judgment, not about producing things (Flyvbjerg, 2006). Happiness (eudaemonia- ευδαιμονία) for Aristotle is our highest good, a virtuous activity that fulfils our function. Happiness is ‘a life of good human activities’ and practical wisdom guides us to such a life, overseeing all that enters into human life, including artefacts (Polansky, 2000). Moreover, phronesis is the intellectual capacity for ‘assessing how we and others can achieve happiness through proper estimation of the contributions that various goods offer toward happiness’ (Polansky, 2000). Hence, phronesis has an important role in our apperception of the concept of happiness (eudaemonia). Phronesis is closely related to morality and ethical principles: one’s actions reflect one’s
virtue of phronesis and, consequently one’s moral character. ‘Virtue seems the true basis of human dignity’ (Polansky, 2000), and Aristotelian thinking is built upon the concept of virtue for the pursuit of a good life. The ‘phronetic’ person acts according to his apperception concerning the good and to his perception of duty” (Skaltsas, 1993) and “a sharing of values, or a capacity to appreciate others’ views, seems a necessary part of humanity and practical deliberation’ (Polansky, 2000). Ethical addiction/good habit enables one to direct one’s desires towards the ends defined by rationality (Skaltsas, 1993).

Aristotle, by stating that individual wellbeing depends on communal wellbeing (Skaltsas, 1993), puts the emphasis on the political dimension of practical wisdom and to the role of society in the upbringing of its citizens. Trowbridge (2005) argues that Aristotle, by giving a list of the “the excellences requisite to phronesis” he emphasizes that, phronetic individuals must be ‘well brought-up; they require exposure to, and consideration of, examples of well-lived lives; the friendship of good people; temperance (sophrosune); intelligence (nous); experience; understanding (sunesis); consideration or decency; and virtue of character’. Phronesis is important in a conflicting situation and is also embedded in community, and the experience gained by practical wisdom and knowledge enables the phronetic people –the ‘phronimoi’ (φρόνιμοι)- to see beyond isolated facts, to think beyond linear logic and to appreciate the whole, recognizing the limitations and relativity of all perspectives and knowledge, so that they may make a decision for the common good. Wall (2003) argues that, phronesis contains ‘attention to otherness as an end’. In this point, it is important to observe that, aspiring to the common good “means that one extends one’s field of vision beyond oneself, one’s immediate family, or the particular groups with which one identifies” (Sternberg, 2003a:397).

Zagzebski (1996:224), analyzing the importance of phronesis in a virtue-centered theory of ethics, argues that phronesis has three functions: determination of the virtuous mean
in particular situations, unification of all virtues in a conflicting situation, and coordination of "various virtues into a single line of action or line of thought leading up to an act, in the first case, or a belief, in the second". Discussing of practical wisdom, Kramer (1990) identifies five functions: solving problems by confronting oneself, advising others, management of social institutions, life review and, spiritual introspection.

As far as application of phronesis is concerned, we think that Skaltsas’ (1993) analysis of the Aristotelian understanding of this concept seems very interesting: phronesis is related to bouleusis (deliberation), judgment, proairesis (deliberate choice), and praxis (action). The process of the application of phronesis starts with bouleusis (deliberation) which transcends two faculties of the human intellect: rationality and desire, and also enables us to solve problems which cannot be confronted by alternative systems. Consequently, bouleusis is a mind-process that the phronetic person utilizes to take into consideration all the factors related to a specific situation. Euboulia (ευβουλία), which is translated as correctness of bouleusis, is the capacity of sound and right perception of a situation without being based upon correct judgment. A person with this capacity is open-minded, analyses all the factors relevant to a situation, justifies the reasons for making a certain choice, and makes rational and solid assumptions and has specific goals (Skaltsas, 1993). The ‘phronetic’ person analyses his goals, the means and the possibilities to achieve them; he examines the actions that lead him to the realization of these goals and also, examines how strong the desire to satisfy his goals is. Bouleusis leads the ‘phronetic’ person to proairesis (Skaltsas, 1993). For Aristotle, when a ‘phronetic’ person recognizes that one alternative is the proper one and he makes his choice of action, he, automatically, passes in a level which is completely mental and which reflects his judgment regarding the optimum course of action. In this way, judgment unifies bouleusis and proairesis. Proairesis is the decision – making process, which combines rationality (intelligence) and desire (appetite). Practical assumption is the method through which a
A phronetic person in a specific situation arrives to a deliberate choice of action and the decision to start acting based on fundamental ethical principles (Skaltsas, 1993). Praxis (action) is the last step of the application process of phronesis: the phronetic’ person acts according to his decision, at which he arrived through bouleusis. Praxis’ end is completed at the same time with its beginning: the ‘phronetic’ person thinks in a practical way combining ethical principles and his decision to act in a specific way in a particular situation (Skaltsas, 1993).

**Phronesis as a strategic leadership virtue**

In a particular dilemmatic context, virtue is important because it enables the people involved to examine their beliefs and to analyze their anticipations and expectations of the situation in an open-minded, not rigid way ((Birmingham, 2004, Jordan & Meara, 1990, Zeichner & Liston, 1987). Thus, phronesis ‘introduces into moral life a capacity to pursue the good deliberately and by reason’ (Wall, 2003), It seems that, the role of context and the focusing on case studies and past issues are very important for the relationship between ‘phronetic’ thinking and leadership. ‘Practical organizational rationality and judgment evolve by virtue of in-depth case experiences’ (Flyvbjerg, 2006, MacIntyre, 1977). Although every society has its ideal of wisdom, Sternberg (2002), argues that there is “a certain universal core” to the idea of wisdom, in the areas of morality and interpersonal relationships. He argues that, for a leader, to act wisely means: a) seek to reach a common good b) balance intrapersonal, interpersonal and extrapersonal interests c) think over the short and long terms d) adapt to, shape, and select environments (Sternberg, 1998, 2000, 2003).

In the active area of organizational leadership, the political perspective is increasingly accepted and is defined as ‘the constructive management of shared meaning’, which contributes to effectiveness (Ammeter et al., 2002). It is true that, today’s competitive demands and complex environments have made organizations increasingly more political
(Douglas, Ammeter, 2004), and, change depends upon effective use of politics. Considering that, organizations are viewed as “political arenas” (Mintzberg, 1983) and that, leadership is a “political phenomenon” (Ammeter et al., 2002), we assume that strategic leaders have to possess practical wisdom both, on a personal and political level so as to be effective within the organizational frame. Or, beyond the capacity of understanding and conceptualizing the essence of the things on a personal level, phronetic leaders have to possess political wisdom so as to communicate a vision of the future to others as well as to motivate them in pursuit of a common goal (Nonaka & Toyama, 2007).

Besides, as stated above, phronesis is a balance capacity between ‘instrumental rationality’ and ‘value rationality’, crucial to the viability of any organization (Flyvbjerg, 2006). Practical wisdom is the means by which one can ‘apply’ already given moral ‘truths’ to one’s own particular present situation (McIntyre, 1988). It allows one to find one’s balance between desire and rationality. At this point, leaders’ morality appears to be of utmost importance, since leaders’ values and beliefs frame how issues are interpreted and faced, and their choices affect the organizational performance (Hambrick & Mason, 1984). It seems that leaders’ value systems may empower followers. Questions concerning the association of values with leaders’ style and outcomes for the business have been pondered and discussed by many management scholars. Charismatic leaders, among others, seem to be self-confident, and possess strong-convictions in their values, beliefs and “moral righteousness” (House, 1977) and are likely to influence others through their beliefs and values (House, 1999). It is argued that, the content and the intensity of the personal value system of the leader may define the degree of his influence on followers (Sosik, 2005). It has to be mentioned that, both altruistic and egotistic motives have been identified in leaders’ values (Kanungo & Mendonca, 1996). “Altruistic motives intend to benefit others and reflect the values of affiliative interest, institutional power, social achievement, self-discipline, and self-
development” (Sosik, 2005). Consequently, we assume that, phronetic leaders’ values are characterized by altruistic motives since their action is oriented toward the common good.

The association between strategy, rationality and ethics has been explored and well defined by management researchers. It seems that managers make implicit choices between rational and moral principles while using particular concepts and models in their strategic thinking (Singer, 1994). Studies have demonstrated that there is a strong link between rationality and ethics (De George, 1990), and that the only distinction between them is that “the former emphasizes means, while the latter emphasizes ends” (Singer, 1994). Taking one further step, De George (1990:66) affirms that “being moral is the same as being rational” and that “by analyzing reason, … we find the key to morality”. In such a context, where strategic choices are closely related to morality, reason and rationality must be considered as incorporating “conscious reflection and analysis”, which leads us to the categorical imperatives of the Kantian ethical tradition” (Singer, 1994). Recent strategy concepts and models, with a view to illuminate organizational morality, refer to leaders’ meta-rational and meta-ethical criteria such as forward-looking vs. backward-looking (Mintsberg, 1990; Kervern, 1990), globally vs. locally optimal (McLennen, 1990), and universalizable vs. exclusive (Kant, 1956).

In a concrete situation, ‘phronetic’ leaders’ judgment goes beyond the agency/structure dilemma and dualism, by putting emphasis on both actors and processes, as well as on the relationship between the two. In a ‘phronetic’ organization agents are analyzed through organizational structures, and similarly, processes are seen in terms of agency (Flyvbjerg, 2006). Leaders’ ‘phronetic’ thinking transcends specific examples or cases. In the ‘phronetic’ organization, facts acquire their meaning not by simple interpretation of contextual relations, but through a certain distancing of view, which enables a multi-perspective interpretation of organizational life. ‘Phronetic’ leaders interpret organizational processes and relations with
self-removal: their judgment is based not only on the concrete situation in which actions and facts take place, but also on the larger context (political-economical-social) which influences local phenomena. Thus, they link macro-level factors, organizational processes and actors’ behavior in a concrete situation. (Flyvbjerg, 2006). Therefore, ‘phronetic’ thinking relates praxis and organizational development and opens a ‘meaningful’ dialogue for further exploration by continual testing and objective analysis of organizational processes, without considering specific judgments as the ultimate essence of scientific knowledge, applicable to all similar cases. According to the above, phronesis has three dimensions: instrumental, moral, and political rationality (see figure 1).

Leader’s traits and skills related to phronesis

As the scope and complexity of business organizations’ problems grow, so grows the need for phronesis. Rapid technological innovation and development have thrust the business world into an environment of constant and unpredictable change. Hence, the need to replace the traditional leadership models promising a fair degree of predictability and control with a more organic and nonlinear way of thinking based on praxis. ‘Phronetic’ leaders are ready to sense where things may be going next and what to do about it (Wall, 2003, Flyvbjerg, 2006). Accordingly, Nonaka & Toyama (2007) argue that, practitioners face every day a lot of problems and ‘in these situations, there is no time to do detailed analyses of the environment or resources; nor is there any guarantee that general rules that apply in the past will still apply’. Within changing environments, effective action derives from the development of models of the skills and knowledge required for people working in a certain arena, (Mumford & Peterson, 1999; Mumford et al., 2000). In leadership literature, effective leaders’ skills include the capacity to set missions, coordinate activities, motivate others, as well as, select and implement solutions that accomplish organizational goals (Mumford et al.
2000). “Capabilities such as wisdom and perspective-taking enables leaders to “go outside themselves” to assess how others react to a solution, identify restrictions, develop plans, and build support for implementation” (Mumford et al., 2000).

Discussing wisdom, Bluck and Glück (2004:545) describe it as “an adaptive form of life judgment...that involves not what but how one thinks … a combination of experiential knowledge, cognition, affect, and action” that serves as a resource for difficult situations “and is often directed toward the goals of living a good life or striving for the common good.” The studies curried by Staudinger, Lopez, & Baltes (1997), have provided some empirical evidence for the personality traits accompanying wisdom. Achenbaum & Orwoll (1991) present a model of a wise personality involving nine qualities along three basic dimensions: self-development, empathy, and self-transcendence in the affective dimension; self-knowledge, understanding, and knowledge of limits in the cognitive dimension; and integrity, maturity in relationships, and commitment in the conational dimension”. Accordingly, Ardelt (2000, 2004) defines wisdom as a personality trait that includes cognitive, reflective, and affective dimensions, and Baltes & Staudinger (2000:127) argue that wisdom is a metaheuristic for orchestrating mind and virtue toward excellence with “cognitive, motivational, social, interpersonal, and spiritual” characteristics.

As examined above, strategic leaders’ phronetic thinking has 3 dimensions: rational, moral, and political. We suggest that phronetic leaders dispose the skills required to apply phronetic process as defined by Aristotle, according to the demands of the concrete context.

Cognitive and Metacognitive Abilities

Mindfulness

We propose that, according to the aspects presented previously, mindfulness seems to be an important trait of phronesis. The role of mindfulness has not been explored, but one
could reasonably assume that mindfulness can facilitate phronesis. Weick & Sutcliffe (2006) argue that “if mind in the broadest sense is about a totality or a collection of processes, then mindfulness is about ways in which these diverse processes interrelate”. In other contemporary works, mindfulness is likely to facilitate open-mindness and awareness, which can make important contributions to choosing behaviors that are consistent with one’s own needs, values and interests (Deci & Ryan, 1980; Brown & Ryan, 2003). Or, there is a strong link between mindfulness and phronesis. Phronesis is a mental capacity comprising the application of good judgment to human conduct. This virtue, according to Aristotle, unifies reason and desire: it is orexis dianoetike (mental appetite) or orektikos nous (appetitive intellect or mind), and moreover, it is the ability to act beneficially. Nous (mind) apprehends fundamental principles, both theoretical and practical, and thus, it is closely related to practical reasoning.

**Systems Thinking**

We also suggest correlating phronesis with systems thinking. This approach enables us to view systems and sub-systems from a broad perspective, permitting the identification of the causes of issues, and consequently, the appropriate solution of the specific problems. We can assume that systems theory is closely related to phronesis as long as “phronesis, requires an interaction between the general and the concrete and also requires experience, consideration, judgment and choice”(Flyvbjerg, 2006). Therefore, in any situation, one can set goals, collects and analyses feedback about goals achievement and finally adjusts activities to be more efficient, in a way that combines the specific with the whole, the subjective with the objective. Management scholars argue that, capacities, which are likely to be related to wisdom include self-objectivity, self-reflection, systems perception, systems commitment, awareness of solution fit and judgment under uncertain conditions (Arlin, 1990; Orwell & Perlmutter, 1990).
**Tacit Knowledge**

We suggest connecting phronesis with tacit knowledge. Tacit knowledge is a cognitive-ability variable that is used to characterize ‘the knowledge gained from everyday experience that has an implicit, unarticulated quality’ (Sternberg, 2003). It is associated with problem solving and, in an organizational frame, it is connected with successful performance in a variety of domains (Sternberg et al., 2000). This is supported by the fact that people very often attribute successful performance to ‘learning by doing’ and to ‘professional intuition’ or ‘instinct’ (Sternberg, 2003). It is an aspect of practical intelligence that enables individuals to adapt to, select and shape environments (Sternberg, 2003). Researches indicate that tacit knowledge increases with experience and that it is distinct from personal characteristics and general intelligence. It is argued that experiential knowledge is the result of past experience’s representations and may be structured in terms of ‘associational networks” which may influence leader’s performance and assessments. (Seger, 1994). Sternberg (2003) observes that tacit knowledge reflects the practical ability to learn from experience and to apply that knowledge in pursuit of personally valued goals’.

**Meta-cognitives abilities**

It seems that there is a link between wisdom and the meta-cognitive skills required for identifying and solving problems (Sternberg, 2001). Metacognition – “the ability to reflect on our own thought and learning processes” – is supposed to be integral to wisdom by wisdom researchers (Trowbridge, 2005). Sternberg (1990:152) writes “the wise person... excels in what is often called metacognition”, and Hanna & Ottens (1995:212) suggest that “an intrinsic aspect of wisdom” is the metacognitive ability to survey an array of belief systems or patterns”. Thus, there is a strong link between phronetic thinking and metacognition.
Intra-personal Intelligence

According to Gardner (1999), intra-personal intelligence refers to the ability to understand and focus on one’s own emotions, goals and intentions. Consequently, a person having this form of intelligence, is aware of his strengths and weaknesses, is confident of his abilities and set appropriate goals. Or, we can see the connection with phronesis. “It takes phronesis to know how persevering one should be to be persevering, how careful one should be to be careful, how self-sufficient one should be to be autonomous” (Zagzebski, 1996:221).

For a ‘phronetic’ organization, focusing on values and evaluative judgment means a strong value-rational point of departure in order to increase managers’ and employees’ action in value-rational terms (Flyvbjerg, 2006). Or, the ‘phronetic’ leader is good at pursuing his interests and goals: he analyses very attentively his inner feelings and ideas so as to make the most suitable choice in a particular case. According to Aristotle, this is a form of “correctness in assessing the goal, the manner, and the time”.

Inter-personal intelligence

As far as inter-personal intelligence, and specifically empathy is concerned, we can easily assume that this capacity correlates well with phronesis. People with increased inter-personal intelligence support and creatively use a diversity of perspectives so as to establish authentic dialogue and communication with others. (Gardner, 1999). Considering that performance and communication take place in a social context, we assume that leaders must have the capacity to know, understand and motivate their subordinates, to communicate vision, establish goals, and monitor progress (Mumford et al., 2000). Sternberg (2003a:397) states that wisdom includes the deliberation “to make a genuine effort to understand other people’s points of view and incorporate them into one’s thinking.”. Thus, ‘phronetic’ leaders
understand other people’s voices, potential and motives and they are always oriented towards the accomplishment of organizational goals and ultimately, the common good. Phronesis ‘perceives the good that has already been determined by human potentiality and personal habit, and deliberates either on it or about how to reach it. It understands and pursues a good – happiness or eudaemonia- that is already written into the fabric of human nature’ (Wall, 2003). As previously described, phronetic people have a good sense, and this trait, according to Aristotle, is closely related to the understanding of the others. For Bartlett and Ghoshal (1989), ‘diverse roles and disperse operations must be held together by a management mindset that understands the need for multiple strategic capabilities, views, problems and opportunities from both local and global perspectives, and is willing to interact with others openly and flexibly’. Thus, we assume that, leaders’ judgments are not formed through social interaction and communication. They reflect leaders’ capacity to be flexible and adapt their strategy according to the needs of the context. Or, phronesis is likely to contribute to leaders’ capacity of avoiding decision traps caused by stereotypes, mental maps or a fixed mindset.

Halverson (2004:97), observes that “the social and situational distribution of leadership practice suggests how we might consider phronesis as more than the possession of a particular individual”. We suggest that interpersonal intelligence is a critically important component of phronesis, since political wisdom requires political skills. Political skills are abilities that combine “interpersonal perceptiveness or social astuteness with the capacity to adjust one’s behavior to different and changing situational demands in a manner that inspires trust, confidence, and genuineness, and effectively influences and controls the responses of others’ (Ammeter, et al., 2002). Atchley (1993:482) notes that the intrapersonal, interpersonal, and transpersonal levels of wisdom all depend on the ability to view oneself from outside one’s personal perspective; or the transpersonal level “is the key to wisdom.”
Existential Intelligence

Finally, we suppose that existential intelligence is closely related with phronesis as well. Gardner (1999) defines people with this form of intelligence as “individuals who exhibit the proclivity to pose and ponder questions about life, death and ultimate realities”. Moreover, existentialism presents an adequate framework for understanding human being; and introduces "authenticity" as the norm of self-identity. According to this philosophical movement, existentially intelligent persons are characterized by love of freedom, passion, and a strong desire to change their situation. Wisdom is associated with the meaning of existence, which is described by Kekes (1983), as ‘an interpretive knowledge, knowing the significance of facts’. This statement allows the “integration of the existential and practical forms of wisdom’ (Trowbridge, 2005). Moreover, Ardelt (2000:778) assumes that one’s knowledge “cannot remain theoretical, abstract, and detached but is necessarily applied, concrete, and involved”.

Phronesis is the ability to see beyond concrete reality, and “a wisdom choice must strive to align with that which is most important” (Trowbridge, 2005). Furthermore, as we have already seen, desire is also a crucial dimension of phronesis. Phronesis, beyond the immediate demands, desires and opportunities, is closely related with one’s deepest needs for connecting the specific with the universal, and it extends one’s vision into possible futures in harmony with the common good. Phronesis is closely related to praxis (action), which is a key in meditation and spirituality. Thus, by reading Aristotle and Existentialism philosophers, we gain a perspective of phronesis, which confirms the centrality of desire (intellect desire, appetitive desire, and emotional desire).

Following the connection of the concepts described above, it is of utmost importance to underline that phronesis encompasses these qualities, in a synthesized form. Each of these
attributes may be very useful for a person (or a leader) but, cannot be considered per se as an aspect of phronesis. A person may have intra-personal intelligence, may be mindful or acts according to the systems theory; but this does not suffice to consider him as ‘phronetic’. None of these traits alone guarantees practical wisdom; only the combination of all of them could result in forming what we have defined as phronesis. Likewise, a leader may well be intelligent or mindful in various ways and degrees, but still not be ‘phronetic’, due to his unwillingness to act for the common good. Thus, phronesis is a combination of all the above-mentioned traits, and it also involves the personal dispositions that activate them.

**Proposition 1 – phronesis as a strategic virtue is the outcome of leaders’**

- cognitive abilities (mindfulness, systems thinking, tacit knowledge),
- metacognitive abilities, intra-personal intelligence, inter-personal intelligence and existential intelligence

**Phronesis and strategic leadership effectiveness**

Flyvbjerg, (2006) supports that the effective –functioning organization depends on the well functioning of the three virtues – especially on phronesis, which may ensure the balance of episteme and techne giving emphasis on the ethical dimension of management. Moreover, Hurst et al., (1989) observe that “organizational realities, like personal realities, consist of complex interactions of the objective, tangible (‘out there’) and the subjective, cognitive (‘in here’) elements”. Thus, we assume that, the rational, the moral and the political dimension of the phronetic thinking enables strategic leaders to ‘articulate subjective, intuitive ideas in clear language as well as to link micro-concepts with macro-concepts articulating them as vision and scenario for the future’ (Nonaka & Toyama, 2007). In complex organizational settings,
leaders must seek and carefully evaluate information taking into consideration potential problems and aiming at goals attainment (Mumford et al., 2000).

**Phronesis and Managing paradoxes**

Many management scholars have examined paradoxes in relation to organizational complexity. Complexity theory proposes a re-examination of leadership; leaders are supposed to act as catalyst to the context, and to direct learning experiences. Paradoxes offer a potentially powerful framework for examining the terms of plurality and change, aiding the understanding of divergent perspectives and disruptive experiences, and one’s natural inclination when one faces paradoxes, would be to rationalize them and make them familiar, resorting to past practices, and perceptions (Lewis, 2000).

It appears that, strategic leaders must act in an environment embedded in ambiguity, and complexity; since the environment that surrounds organizations is becoming increasingly unstable and changing. Each member affects the organisational system’s stability and symmetry, according to his position, expertise, knowledge, skills, behaviour, and emotions. Thus, strategic leaders must be able to identify and represent paradoxes within the organizational context, as well as to analyse contradictions, desires, emotions, and practices of every day organizational life. In other words, strategic leaders need the capacity to implement diverse courses of action with flexibility, taking into consideration others’ needs. Consequently, there is a strong relationship between the capacity to manage paradoxes and phronesis. Phronesis is required where there is ‘irreducible uncertainty and the need to evaluate surprise’ and enables us to take the correct steps to do what is wise in a specific situation of “complex interdependencies” (Stamp, 2007). Phronesis allows us to calculate and analyse all possibilities and probabilities so that we may face ambiguity effectively (Burridge, 2007). One feels “in flow”, in other words, energized, confident and competent when
situation’s challenges and complexity responds to one’s curiosity and potential (Stamp, 2007). In cases which give an image of “changing connectivities”, one is likely to either, feel “in flow” and seek to align present realities with past experiences or, feel frustrated, anxious and demoralized and have “an intellectual limit” in one’s “mental energy and determination” (Stamp, 2007, Burridge, 2007). When one is ‘in flow”, he seeks to examine different perspectives, applies practical wisdom intuitively and subconsciously, and affects others’ engagement, trust and respect (Burridge, 2007, Stamp, 2007). On the contrary, when one feels “deprived of the challenge of work”, he loses all belief in one’s capacities (Stamp, 2007). As a result, this state, being “in flow”, is closely related to phronesis and requires one’s “experiential intelligence” (Stamp, 2007). Thus, this process of recalling events that are familiar in one’s experience may activate one towards the solution of a puzzling situation, by means of experiencing other alternative approaches at exactly the right time. In this point, Stamp (2007) argues that followers seem to have “trust in the timeliness and wisdom of leader’s decision”. Moreover, Burridge (2007) states that, in order to find pathways through ambiguity, phronetic managers “read the situation in terms of joining together fragments”, while testing the relevance of gained experience. ‘Phronetic’ leaders know that ‘progress is often complex, ephemeral, and hard-won, and that set-backs are an inevitable part of organizational life’ (Flyvbjerg, 2006). Considering that strategy is to be seen as a dynamic process full of contradictions and ambivalences where one has to act rationally on proper time, we understand that, phronesis is a core characteristic of strategic leadership

Proposition 2: phronesis may enhance leaders’ ability to manage paradoxes and ambivalences

Phronesis and Self-concept
A clear self-concept and self-knowledge is a goal associated with wisdom since Socrates. Kramer (1990) states that wisdom functions of life planning and life review are dependent on self-knowledge. Moreover, Ilies et al. (2005), argue that self-awareness influences ‘eudaemonic states through intense positive emotions’ and leads to ‘increased opportunities for personal expressiveness and flow because knowing oneself allows one to take on challenges that match one’s skill level, which is one of the conditions for experiencing flow’. Self-awareness is related to positive self-concept; self-concept refers to the knowledge one has about oneself and covers many different aspects; knowledge of the competencies, values and attitudes, preferences and desires, aspirations and goals (Van Knipppenberg et al., 2004). Self-concept is formed to a large extent through one’s experiences and social interactions with others. In leadership literature, it is argued that self-concept changes according the specific situation and external stimuli, and self-construal shapes one’s perceptions, attitudes and behaviors (Van Knipppenberg et al., 2004). When one defines oneself in collective terms, collective interest is experienced and expressed as self-interest, and “individuals are intrinsically motivated to contribute to the collective good” (Van Knipppenberg et al., 2004). It appears that leaders’ self-concept may affect leadership effectiveness. To be more specific, there is some evidence that leaders’ behavior may affect followers’ self-efficacy and followers’ collective efficacy (Van Knipppenberg et al., 2004).

Proposition 3: phronesis may enhance leaders’ self-concept

Phronesis and Humility

For Dusya & Rodriguez-Lopez, (2004), it is an accurate self-knowledge and a realistic perspective of the self in the context of others which may manifest in different levels in each person. According to these authors, this ‘realistic perspective of the self” in other cultures may not be called “humility” because this virtue is closely intertwined with values such as
wisdom, prudence, sagacity, and love. Moreover, it seems that, humble leaders, among others, are supposed to be eager to learn from their experiences and from others, they develop others, and they have a genuine desire to serve (Dusya & Rodriguez-Lopez, 2004). Furthermore, humble managers, are likely to make good decisions by asking for advice without pretending that they “know it all”. This presupposes a balance of humility and good common sense. Several scholars have demonstrated the connection of wisdom with limits of human knowledge. Trowbridge (2005) observes that, Socrates expresses the humility of wisdom in the Apology 21b, by saying: “I am only too conscious that I have no claim to wisdom, great or small”. Taranto (1989:9) points out that wisdom is not the recognition of the gap between what one knows and does not know in particular cases, but the recognition that there will always be much more unknown than what one knows, and she (1989:15) also makes the assumption that “It is my conclusion that wisdom involves a recognition of and response to human limitation”. Similarly, Ardelt (2000:782) states that, there are “limits of knowledge for human beings”. Or, we can distinguish the strong connection between humility and phronesis. Phronetic leaders are likely to serve for the common good while they are also supposed to have a good common sense and self-knowledge.

Proposition 4: phronesis may enhance leaders’ humility

Phronesis and Authenticity

We assume that the phronetic approach is closely related to authentic leadership. Organizations today face pressing issues that impose a new approach to leadership, aiming at restoring confidence, hope, optimism, resiliency, meaningfulness, and high level of sensitivity to moral issues (Avolio et al., 2004). These capacities within the organizational frame summarize the importance of being authentic, by remaining true to one’s core values,
emotions, identities and beliefs. Several leadership scholars argue that authentic leaders have affective, cognitive and psychological capacities as well (Avolio et al., 2004; Michie & Gooty, 2005), which enable them to be aware of their own and others peoples’ moral values, knowledge and strengths, calculate the particularities of the context, be confident, resilient and optimistic while being high on moral character (Avolio et al., 2004). These traits can be developed and may influence followers’ commitment (Allen & Meyer 1990), empowerment and sense of purpose in the workplace (Kark et al., 2003), job satisfaction (Judge et al., 2001), and trust and identification with the leader (Gardner & Avolio, 1998). We consider these capacities as critical components of phronetic thinking too. Phronetic people feel intensive involvement, and interact with others with genuine concern. Authentic leaders express their ‘true self’ in daily life, they live a ‘good life’ and this results in ‘self-realization (eudaemonic well-being) on the part of the leader, and in positive effects on followers’ eudaemonic well-being’ (Ilies et al., 2005). Furthermore, Howell and Avolio (1992) argue that, socialized leaders and leaders who are concerned with the common good should be characterized as authentic. In leadership literature, authentic leaders are likely to sacrifice self-interests for the collective good (Howel and Avolio, 1992), and also seem to possess both self-enhancement and self-transcendent values (Michie and Gooty, 2005).

The connection between phronesis and authenticity leads us to the assumption that, phronetic leadership is also likely to be closely related to transformational leadership. Transformational leader’s interaction with his followers is supposed to change them (Peele, 2005) and, respectively, transformed followers can “act on the values they have come collectively to accept” (Price, 2002). This form of leadership articulates behaviour with morality (Price, 2002) beyond mere desires and personal preferences, and it revitalizes shared beliefs and values (Gardner, 1990). Management scholars accentuate the moral and altruistic
aspect of transformational leadership which enhances one’s capacity to move beyond the self (Gardner, 1990; Price, 2003).

**Proposition 5: phronesis may enhance leaders’ authenticity

and may contribute to strategic leadership effectiveness**

Leadership is by definition a dynamic influence process. The positive effects of phronesis to strategic leadership extend beyond the leader on a personal level. There are positive effects on followers, too. Phronetic leaders become an example and a model for followers through their actions.

**Acquiring and developing phronesis in an organizational frame**

If we take a look into daily life, we can assume that people are based upon practice and ethical addiction so as to develop and cultivate their character. Skaltsas (1993), underlines that, society encourages, discourages and persuades the citizens and that learning aids one’s to constantly evolve the way one perceives the good. Consequently, one does not feel alone in one’s attempt to create one’s ethical character and learning process enables one to become responsible and to direct one’s goals toward the real good. It seems that virtues are closely related to action. ‘Virtue give(s) birth to action, action in turn, builds virtue’ (Birmingham, 2004), and according to Aristotle the imitation of a virtuous person makes one virtuous and that ‘the thoughtful performance of virtuous actions will lead to the development of virtue itself’. Aristotle supports that, as soon as a person possesses practical virtue, he will also possess all the rest. Or, the cultivation and the transferring of such capacities and properties may lead a person to become ‘phronetic’. Phronesis permits to strategic leaders to accept and consider obstacles and complexity as necessary for the creation of knowledge. ‘By accepting contradiction, one is able to make the decision best suited to the situation without losing sight
of the goodness to be achieved’ (Nonaka and Toyama, 2007). Moreover, leaders’ phronesis causes followers to believe in the capabilities of their leader and also inspire them to follow his lead. Leadership scholars argue that leader’s and followers’ emotions and moods converge through the process of ‘emotional contagion’ (Ilies et al., 2005) since, leadership is a ‘process of interaction with followers’ (Peele, 2005). Leaders’ political behaviour has an impact on followers since we recognize that prior “episodes” of leader’s political behaviour can enhance leader’s reputation and influence, which in turn serve as an “contextual input”, a reference into the current situation (Ammeter et al., 2002). Thus, leaders’ political behaviour develop a reputation in terms of competence, trustworthiness, and, effectiveness, which shapes followers behaviour and attitude. Furthermore, leaders with political skills are likely to cultivate perceptions of organizational support and, consequently, they affect the organizational experience (Treadway et al., 2004). Leaders can become ‘phronetic’ by following the paradigm of other ‘phronetic’ persons. By cultivating and developing ‘phronetic’ characteristics, leaders can acquire a more mature relationship to leadership while acting as exemplars. ‘The ability to foster phronesis is a form of knowledge that enables a firm to cultivate the critical, next generation of employees’ and, this kind of leadership requires mechanisms which facilitate the creation of a system of a distributed phronesis (Nonaka & Toyama, 2007, Halverson, 2004).

Nonaka and Toyama (2007), state that the abilities of flexible and distributed wisdom (phronesis) are very important to effective strategic management; organizations have to enhance the level of knowledge as well as to synthesize the diversity of knowledge, so that they form a self-organizing ecosystem of knowledge, giving emphasis on practice and dialogue (Nonaka and Toyama, 2007).

Today’s leadership practice demands a phronetic approach, which is rather based on the co-evolution than the possession of capacities of a particular individual. It is true that
leaders are responsible for building organizations where people are continually expanding their capabilities to shape their future (Senge, 1990). Moreover, Baltes & Staudinger (2000:127), observe “in our conception, wisdom is fundamentally a cultural and collective product in which individuals participate. Individuals are only some of the carriers and outcomes of wisdom”.

Proposition 6: Phronesis is a critically important learned virtue in strategic management and both leaders and followers may become “phronetic”.

Discussion and research implications

The aim of this paper was to offer additional insight on strategic leadership process by adding a critical component, that of phronesis. This need is of even higher importance for strategic leaders who have to make the most appropriate decisions for the organization business. Phronesis is the practical wisdom, the keystone that unifies all the virtues permitting us to act in the most appropriate way.

Our proposed model suggests that 1) phronesis is an outcome of cognitive abilities (mindfulness, systems thinking, tacit knowledge), metacognitive abilities, intra/inter-personal intelligence, and existential intelligence 2) phronesis can enhance leaders’ ability to manage paradoxes, leaders’ self-concept, humility and authenticity, and can contribute to the strategic leadership’s effectiveness (see figure 2).

This way of thinking about phronesis can help us understand ways we could be more ‘phronetic’, both individually and collectively since our desires and thoughts may seem personal and unique but, our deepest needs are universal. Furthermore, this model enhances our understanding of leadership as a complicated phenomenon oriented toward action.
Phronesis is a core strategic virtue and involves seeing beyond immediate appearances into deeper understandings of the big picture, the common good, complexity, ambiguity and the synergy of relationships. The ‘phronetic’ perspective permits strategic leaders the opportunity to understand their values, judgment, identity, motives and goals, and thus become more authentic and effective. ‘Good action is itself an end’ (Aristotle, NE). Viewing organisations from such a perspective and seeing them ‘organically’ rather than ‘mechanically’ requires a ‘phronetic’ style of leadership, which engenders an idealistic and multi-perspective vision, and influences the values and therefore the behaviour of individuals. ‘When a sufficient number and diversity of connections are made a collective soul and purpose emerges which gives people a desire to contribute to the common good and a feeling of fulfilment in their work. This increases the organisation’s ability to innovate, adapt, and evolve’ (Lewin & Regine, 1999).

The new generation of researchers into wisdom focus on the importance of an ‘interdisciplinary or transdisciplinary approach’ (Trowbridge, 2005). Ways for research to be transdisciplinary, drawing on insights from philosophy, psychology, spirituality and leadership could be worked out. Such transdisciplinarity is often recommended, but has to be implemented.

We hope that, this paper will stimulate further conceptual development in the field of ‘phronetic’ leadership, and also inspires researchers’ empirical investigation of factors enhancing strategic leaders’ effectiveness and development so as to put the bases and design tomorrow’s organization. Specifically, as far as strategic leadership in praxis is concerned, if the above propositions are empirically supported then, some very useful implications will arise. For instance, the development of this capacity could be included in leadership frameworks used for innovation, expansion, managing conflicting situations and, organizations could encourage the acquisition and development of this kind of knowledge by
creating opportunities for learning on how to be ‘phronetic’. Further research on distributional phronesis’ traits, and dimensions could enhance performance and organizational development.

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**Figure 1.**

The concept of Phronesis
Figure 2.

Leaders’ traits & skills related to phronesis

Cognitive abilities (Mindfulness, systems thinking, tacit knowledge)
Metacognitive abilities
Intra-personal intelligence
Inter-personal intelligence
Existential intelligence

Phronesis

Strategic leadership effectiveness
Managing paradoxes
Self-concept
Humility
Authenticity