What do we need to know about wisdom?

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Abstract

Purpose – The article seeks to open the debate on the nature and role of wisdom in organisations.

Design/methodology/approach – This paper conducts a review of the diverse writing on wisdom in the literatures of philosophy and psychology, and gathers in a number of passing references to wisdom in the knowledge management and management literatures. Its aim is to gather together existing views on the nature and relevance of wisdom in the context of management and organisations. This review is structured using the following four questions: why might wisdom be important in organisations? What is wisdom, and what is its relationship to knowledge? What is the link between wisdom and leadership? What is organisational wisdom and how can it be cultivated?

Findings – Building on previous literature, definitions are proposed for wisdom, organisational wisdom, wisdom management and triple loop learning. Wisdom is defined as the capacity to put into action the most appropriate behaviour, taking into account what is known (knowledge) and what does the most good (ethical and social considerations). Wisdom is identified as a central element of leadership. The concept of organisational wisdom translates wisdom from the individual to the organisational level, and poses the need to consider the processes associated with wisdom management. The conclusion uses this review as a platform to pose a number of further questions about wisdom in organisations.

Practical implications – An enhanced understanding of wisdom and related concepts such as organisational wisdom, managerial wisdom and wisdom management has the potential to provide a valuable contextualisation for knowledge management theory and practice, and other aspects of organisational behaviour that can support business performance and success.

Originality/value – Despite being identified as a capstone concept in the relationship between data, information and knowledge, neither the concept of wisdom within organisations nor the processes associated with the cultivation of wisdom have received much attention in the knowledge management, organisational learning or management literatures. This paper provokes further debate about wisdom by drawing on the diverse literatures that explore wisdom and reflecting on the relevance of wisdom in the context of management and organisations.

Keywords Knowledge management, Learning organizations

Paper type Research paper

Introduction

Data, information, knowledge, wisdom – these are the levels in the oft-quoted DIKW hierarchy (Zeleny, 1987, Ackoff, 1989), yet for some reason whilst academics, consultants and practitioners enthusiastically embrace the management of data, information, and more recently, knowledge, very little attention has been focussed on the “capstone” concept of “wisdom” (Small, 2004). Perhaps the challenge of knowledge management is sufficient without reaching towards the stratospheric concept of wisdom, and the processes associated with its creation, transfer and exploitation? Maybe there is a suspicion that wisdom might be difficult to manage and cultivate, or perhaps there is a reluctance to embrace the consequences of promoting synergy
between business organisations and their activities and impacts? Or, maybe the lack of interest in wisdom in organisations is more pragmatic. Perhaps consultants and other information and knowledge professionals have failed to articulate convincing strategies for profiting from the promotion of “wisdom based strategies”, or “the wisdom-based model of the firm”. If, indeed, wisdom is at the pinnacle of a hierarchy that involves information and knowledge, then both academics and practitioners might find it to be beneficial to explore the role and nature of wisdom in organisations. Many will be interested in the link between wisdom and business strategy and performance.

This paper seeks to provoke further debate about wisdom by drawing on the diverse literatures that explore wisdom and reflecting on the relevance of wisdom in the context of management and organisations. This is achieved through posing and discussing a number of questions in relation to wisdom in organisations:

- Why might wisdom be important in organisations?
- What is wisdom, and what is its relationship to knowledge?
- What is the link between wisdom and leadership?
- What is organisational wisdom and how can it be cultivated?

The primary aim of this paper is to pose and explain these questions. These questions have been chosen as a device for navigating through the existing literature. We commence with a discussion of the relationship between knowledge and wisdom for two reasons. In the philosophy and psychology literature there is a long tradition of association between knowledge and wisdom, but also, form a more pragmatic perspective knowledge management is this author’s “point-of-departure” on this journey of exploration. The second “port-of-call”, also signalled by longstanding perspectives in the philosophy literature, is the relationship between wisdom and leadership. Whilst it is reasonable to expect that these two strands are interlinked through their shared concern with decision making and strategy the literature of these two areas is largely differentiated, and it is useful to examine what each discipline has to say about wisdom, in turn.

The paper does not seek to provide the definitive analysis, but seeks to pose interesting questions, to capture the interest of others who are invited to add their contribution. Along the journey, definitions are proposed for wisdom, organisational wisdom, wisdom management, and triple loop learning. The conclusion uses this review as a platform to posing a number of further questions about wisdom in organisations.

**Why is wisdom important in organisations?**

Any framework of knowledge that doesn’t include wisdom requires us to operate blind (Allee, 1997).

There are a number of reasons why an understanding of “wisdom” is beneficial. Wisdom has a significant impact on success and impact at individual, organisational and community levels. Secondly, our understanding of knowledge and knowledge management will be enhanced by its contextualisation not only relative to the “more basic” concepts of data and information, but also relative to the “more complex and abstract” nature of wisdom. There is some concern that knowledge management initiatives have not delivered on their promise (e.g. Bierly et al., 2000). The link between
What is wisdom and how does it link to knowledge?

Despite its scarcity in the management literature, wisdom is a concept that has been discussed from ancient times, and is firmly embedded in everyday language (Clyton and Birren, 1980; Holliday and Chandler, 1986). One dictionary definition of wisdom is:


Holliday and Chandler’s (1986) research shows that wisdom is perceived as exhibiting two categories of attributes:

1. Attributes of exceptional understanding (uses common sense; has learnt from experience; sees things within the large context).

2. Attributes of judgement and communication (aware; is source of good advice; understands life; thinks carefully before deciding; sees and considers all points of view).

Common sense definitions have also been shaped by the debates about the nature of wisdom in philosophy, and literature over the centuries. In classical times, wisdom was listed among the four principal virtues: justice, moderation or self-control, courage and wisdom (Small, 2004). Wisdom in this context was defined as the ability to make right use of knowledge, or the capacity to judge rightly in matters relating to life and conduct (Ostenfeld, 2003). Eastern thought sees wisdom as involving establishing harmony with one’s environment and leading a good life. Confucius, in The Analects, maintains that wisdom entails righteousness, and that the wise person studies and knows the Way (Tao), but also that knowledge must be combined with action (Beck, 1999). Western thought focuses on the practicality of wisdom. Aristotle, for example, in Nicomachean Ethics, spoke of practical wisdom as the ability to deliberate well about what is good and expedient regarding the conduct of a good life. Kant, in Critique of Practical Reason, described the higher state of true wisdom as being concerned with the practical end of the existence of man on earth. Tolstoy, in War and Peace, talks of wisdom not being found in knowledge, but through a consideration of the whole and an
understanding of man’s place in it. From later literature we have a quote from TS Eliot, which captures the relationship between information, knowledge and wisdom:

Where is the wisdom we have lost in knowledge? Where is the knowledge we have lost in information? (Eliot, 1934).

These few examples of the use of the concept wisdom demonstrate its importance to civilisations and communities, and start to surface some of the characteristics traditionally associated with wisdom:

- the use of knowledge and information; and
- “right judgement”.

More recently, Meacham, cited in Sternberg (1990) defined wisdom as an attitude towards beliefs, values, knowledge, information abilities and skills. He argued that wisdom was not in what was known but rather in the manner in which knowledge was held and how that knowledge was put to use. Birrerren and Fisher, cited in Sternberg (1990) described wisdom as “an integrative aspect of human life”. Wisdom brought together experience, cognitive abilities and affect and allowed good decisions to be made at individual and societal level. This theme of good decision-making is echoed by Kekes (1995) who argued that wisdom was the capacity to judge rightly what should be done in particular situations to make life better. Bigelow (1992) suggests that wisdom development is associated with a change in a person’s basic sense of self and what is important, leading to the re-directing of their energies towards the greater good. Baltes and Kubman (2003) argued that wisdom was not primarily a cognitive phenomenon, but that it involved cognitive, emotional and motivational characteristics. They suggest that those who exhibit wisdom show a preference for the welfare of others, over their own welfare. They defined wisdom as:

Expert knowledge and judgement about important, difficult and uncertain questions associated with the meaning and conduct of life (p. 131).

Others also suggest that wisdom couples knowledge and ethical judgements:

Wisdom is the highest level of abstraction, with vision, foresight, and the ability to see beyond the horizon (Awad and Ghaziri, 2004, p. 40).

Wisdom is therefore, the process by which we also discern, or judge, between right and wrong, good and bad. I personally believe that computers do not have, and will never have the ability to possess wisdom. Wisdom is a uniquely human state, or as I see it, wisdom requires one to have a soul, for it resides as much in the heart as in the mind (Bellinger et al., 2004, p. 2).

Another perspective is to view wisdom as the attainment of “meta-knowledge” or an awareness of the limitations of knowledge (Bigelow, 1992). Wisdom can be associated with the recognition of the limits of a person’s particular knowledge and a tolerance of the resultant ambiguity and uncertainty such that they are able to effectively act in poorly defined circumstances (Kekes, 1983; Meacham, 1983).

Drawing on this rich discussion and multiple perspectives on wisdom, we propose that:

- wisdom is embedded in, or exhibited by action;
- wisdom involves the sophisticated and sensitive use of knowledge; and
• wisdom involves judgement that accommodates multiple realities, and wider social and ethical considerations, and is exercised in decision making and the implementation of decisions.

We therefore define wisdom as: the capacity to put into action the most appropriate behaviour, taking into account what is known (knowledge) and what does the most good (ethical and social considerations).

This leads to a simple relationship between knowledge and wisdom. If knowledge is seen as “knowing how”, wisdom is “knowing why, what and how” to do something.

What is the link between wisdom and leadership?
There is a long tradition of wisdom being associated with leaders in religious and other community contexts. Thus it is not surprising that authors in the management leadership literature have started to acknowledge that wisdom is a desirable and even essential characteristic of executive business leaders (e.g. Boal and Hooijberg, 2001; Mumford et al., 2000). Wisdom is seen as contributing to effective strategic decision-making and to the interpersonal processes crucial to effective leadership. In discussing the role of leaders, Mumford et al. (2000) offer a description of the leader’s role which has a sufficient level of consonance with the definitions of wisdom offered earlier in this paper that there are some grounds for viewing leadership and wisdom as part of the same domain:

Leaders must not only exercise influence, they must decide when, where and how influence will be exercised to bring about the attainment of social goals (p. 12).

Wisdom informs the visioning required of leaders, the use and content of dialogue, and the maintenance of the psychological contract between leaders and followers (Korac-Kakabadse et al., 2001). The perspective taking capacity of wisdom can enhance strategic thinking capabilities of executives, and their capacity to anticipate reactions of others (Jacques and Clement, 1991). Further, productive interactions between managers and others depend upon the self-restraint, and personal and interpersonal insight which wisdom provides (Kilburg, 2000). Malan and Kriger (1998) offer a definition of managerial wisdom that communicates some of the practical perspectives of the exercise of wisdom:

The ability to detect those fine nuances between what is right and what is not . . . the ability to capture the meaning of several often contradictory signals and stimuli, to interpret them in a holistic and integrative manner, to learn from them, and to act on them (p. 242).

Another perspective on wisdom has its root in theories of managerial decision-making. Wisdom (and leadership) can be seen to involve the formulation of a plan that works within the context of the organisation, and can be implemented within a social context. The appraisal and perspective-taking activities that are integral to this model of leadership are often discussed under the rubric of wisdom (Mumford et al., 2000). Indeed since the complexity of decision making is increasing with a growing awareness of ethical issues and increasing globalisation, and corresponding increases in the number of factors and stakeholder perspectives that need to be considered in organisational decision making, there is a greater need for managerial wisdom (Courtney, 2001). Such managerial wisdom is the result of integrating knowledge with moral concerns:
Knowledge involves the ability to act intelligently and to learn. Wisdom guides knowledgeable actions on the basis of moral and ethical values (Courtney, 2001, p. 23).

All of these contributions offer perspectives on the relationship between wisdom and leadership, and there is a considerable coincidence between the defining characteristics of transformational leaders and the defining characteristic of wisdom, or being wise. The message that wisdom, and therefore knowledge is a central element of leadership needs to be communicated more frequently and emphatically. This alignment between knowledge, leadership and strategy has consequences for the role of and approach to knowledge management in organisations. It is a persuasive argument in favour of the significance of knowledge and knowledge management. Importantly, it also urges top-down ownership of the strategy agenda rather than the bottom-up approach too often fuelled by the presence of data that might be converted into information or knowledge to good advantage.

What is organisational wisdom, and how can it be cultivated?
If an organisation can develop the wisdom of its employees, and in particular its managers, it may be able to benefit from individuals who:

- can provide useful advice about a variety of matters, perhaps framing a problem or issue so that others think about it more cooperatively or productively;
- act prudently, clearly distinguish between long-range goals, and the processes used to attain them, and can be trusted to act in the best interests of the organisation, despite personal feelings;
- can think in terms of the broader context that the organisation operates in;
- deal with people well, readily earn their trust, and can develop and mentor staff; and
- value and tap their organisational experience, but are open to new ideas and perspectives, whether coming from colleagues or other stakeholders. (Hammer, 2002).

So what is organisational wisdom, and how can it be cultivated? A useful starting point is offered by Bierly et al. (2000):

- “Wisdom relates to the ability to effectively choose and apply the appropriate knowledge in a given situation” (p. 597); or
- “We define wisdom as an action-oriented concept, geared to applying appropriate organisational knowledge during planning, decision making and implementation (or action) stages” (p. 601).

They go on to argue that organisational wisdom involves both the collection, transference and integration of individual’s wisdom and the use of institutional and social processes (e.g. structure, culture, routines) for storage. Thus, organisations can act wisely, even though it may not be possible to ascribe wisdom to any individual actor within the organisation. Furthermore, organisational wisdom is concerned with making decisions (judgement) intended to change the conduct of organisational actors. Thus, it is an action-oriented construct.
Whilst useful, these definitions offered by Bierly et al. (2000) vary a little in their emphasis. Developing from our earlier definition of individual wisdom we propose the following definition of organisational wisdom:

The capacity to put into action the most appropriate behaviour for an organisation, taking into account what is known and the legitimate concerns of its various stakeholders.

How do organisations develop organisational wisdom? Can the discipline or paradigm of wisdom management be developed to parallel the disciplines or paradigms of information management and knowledge management? What is wisdom management, and what are the processes that can promote wisdom in an organisation? Indeed, is it possible to promote the expansion of wisdom, disseminate or transfer wisdom or promote wisdom creep, and cultivate a “wise” culture? Concepts in knowledge management and organisational learning can be used as a point of departure, but they have little to contribute beyond the knowledge element of wisdom. A few authors have ventured into this new territory, but there is much further to travel. As a starting point we propose a definition of wisdom management, and then review some of the perspectives on learning that might provide a platform for the further development of notions of wisdom management. Wisdom management is: “the influencing and directing of the processes that optimise the organisation’s capacity for wisdom”.

The literature of learning has been a valuable source of models of knowledge-based processes in organisations. A study of this literature is therefore appropriate to explore the extent to which learning and its associated processes can act as a platform for developing theory and practice of wisdom management. The literature on learning has identified the importance of individual and organisational learning and the relationship between them.

Commencing with individual wisdom, the key question is: “how can individuals become wise?” Bigelow (1992) proposes a model of wisdom development that involves:

- the development of practical knowledge;
- the development of the meta-cognitive process associated with the management of knowledge and its associated limitations, uncertainties, and contradictions;
- the meta-cognitive processes associated with seeing and learning from experiences; and
- the development of the image of self to view self as part of a larger system.

This model defines wisdom development as associated with the development of knowledge, the development of awareness of the nature of knowledge and knowledge processes, and the development of self. It could be further developed by viewing the stages not as levels in a hierarchy but rather as a set of processes that exist in a dynamic state of continual interaction. An important facilitating aspect of the interaction is the cultural, social and organisational context in which these interactions occur.

In terms of the development of practical and experiential knowledge, Kolb’s learning cycle is a well known model of how learning can be promoted through a cycle of experience, reflection, abstractions, and generalisation (Kolb, 1984). Bierly et al. (2000) argue that interactions with the environment, or experiences, lead to the ability to discern variability, which forms a basis for wisdom, based on an intuitive “sixth
sense” which leads to an ability to assess the relative salience of events, detect changing patterns, judge the importance of developments, and to make decisions.

Arguably the most challenging issue for the development of wisdom is how the development of self-awareness and sound judgement can be promoted. The development of individual wisdom may involve three paths, associated with experience, spirituality, and passion (Bierly et al., 2000). Spirituality is associated with the development of our moral and emotional self, and our understanding and appreciation of our positions in the universe, our soul, and the role of a God. Spirituality informs wisdom through both self-reflection on experiences, and a formulation of deeper goals, and thereby prompts a strong sense of integrity, truth and reflection. Spirituality needs to be complimented by passion. Passion is the strength of belief to make things happen, and is essential to the action or implementation aspect of wisdom (Bierly et al., 2000).

Organisational learning, the notion that an organisation can learn, is an important concept in discussing the social processes of knowledge management. Argyris and Schon’s (1978) model of organisational learning, with its single loop, and double loop learning is central. Single loop learning is concerned with responding to changes in the environment without changing the core set of organisational norms. Double loop learning, on the other hand, is concerned with responding to changes in the environment by changing the core set of organisational norms or assumptions, and is tightly coupled with the organisation’s ability to adapt its learning processes, or to control how it learns. In order to explore the learning processes associated with or linked to wisdom it seems reasonable that we may need to look to a higher level of learning. Some authors have proposed third order learning. For example, if second order learning is learning about the context one learns within, third order learning is the learning of the context of those contexts (Bateson, 1972; Berman, 1981). Third order learning is an experience in which a person appreciates the arbitrary nature of their own paradigm, and move to a more holistic worldview (Berman, 1981). A fourth or higher order of learning can be associated with global mind change in society (Bateson, 1972; Harman, 1988).

Drawing on these various perspectives, the concept of triple loop learning is proposed. If single loop learning is concerned with the capacity to adapt and change behaviour based on experience, and double loop learning is concerned with learning to learn, and the development of learning processes, then triple loop learning is associated with a higher order learning cycle: “triple loop learning can be defined as learning to learn to learn, or more explicitly understanding and engaging with the processes that change the learning processes”.

This involves understanding what affects the ways in which learning processes evolve and change in organisations, and being able to manage or influence those processes to create outcomes that accommodate multiple perspectives, and are organisationally and socially desirable.

The identification and labelling of an organisational learning process that promotes wisdom is only a first step. Discussion of organisational learning processes generally involves the development of models and theories as to how such learning processes can be cultivated or an organisational learning framework. Such a framework would, for example, operate at the individual, group and organisation process level; it would also be important to consider inter group and inter organisational processes.
Conclusions and the next step

Despite the long-standing recognition of the importance of the notion and exercise of wisdom in civilisations, societies and communities, wisdom has not received much attention in the management and information systems literature. This lack of attention is all the more surprising since in this knowledge-based economy the link between data, information and knowledge, is seen as pivotal by practitioners, consultants and academics. This paper has drawn together a number of perspectives on wisdom from different domains. Through this process it has distilled definitions for key concepts such as wisdom, organisational wisdom, wisdom management, and triple loop learning. This excursion has laid some foundations for further debate on wisdom in organisations. Here we move on from our four initial questions to pose further questions that might be worthwhile to examine in greater detail. The purpose is once again to open up rather than close down the debate, on the premise that any hastily drawn conclusions in the domain of organisational wisdom have a high probability of being trite, inappropriate or vacuous.

We start with a question that might appear to de-construct a definition that has only earlier in this paper been distilled from the literature; by so doing we start to develop further insights into the nature of organisational wisdom:

How can the basic definition of wisdom be articulated in different organisational situations?

Applying the definition of wisdom offered in this paper involves being able to identify and agree on:

- “The most appropriate behaviour” – this must be influenced by organisational objectives, environments and culture, as well as considerations of time. What is appropriate for the short term might be less appropriate in the long term. Above and beyond all else different stakeholders may have different views on what constitutes “appropriate”.

- “Legitimate concerns” – what are “legitimate” concerns?

- “The various stakeholders” – the notion of stakeholders would appear to be pivotal in determining behaviour and concerns. Who are these stakeholders? Are they self selected or selected on the basis of some model, such as the six markets model that identifies six groups of stakeholders for an organisation. There may well be a differentiation between internal stakeholders (such as employees and shareholders) and external stakeholders (such as political and community groups, suppliers and customers). A key question is whether balancing the interests of all stakeholders will lead to less favourable outcomes for some.

- “What is known” – this creates a link between wisdom and the knowledge base of the organisation. Being aware of and assessing what is known is no simple task; whilst explicit knowledge may be recorded in shared databases and repositories, tacit knowledge is less visible and transferable.

Multiple stakeholders with different interests may not have a consensus of what constitute a wise act or behaviour in a specific situation. Such subjectivity is an inherent aspect of the nature of wisdom, and a key contribution to its complexity.
Next we pose a question that encourages thinking about whether wisdom needs to be treated as a separate and distinct concept, and indeed whether the endeavour of exploring wisdom in organisations has any inherent value.

**What is the relationship between wisdom and, respectively, leadership and knowledge management?**

Earlier sections have discussed the relationship between wisdom and knowledge, and wisdom and leadership, respectively. Previous thinkers have suggested that wisdom involves sophisticated and sensitive use of knowledge, and others have suggested that wisdom is an essential ingredient in leadership behaviour. One way of viewing the relationship between these three would, then, be to view knowledge as one of the inputs to wisdom, and wisdom as an input to leadership. It is important to remember, however, that wisdom is more than use of knowledge and also involves action, judgement and decision. Further, leadership is more than the exercise of wisdom. Are these three, leadership, wisdom and knowledge management distinct domains of knowledge, or are they better viewed as different but interacting perspectives on organisations? Are wisdom management processes those management processes that bridge knowledge and leadership, such that wisdom can be viewed as the intersection between the two? Or is wisdom an altogether broader discipline that encompasses and draws together the two distinct field of knowledge management and leadership?

Now we turn to the questions posed by the pragmatists who see no value in theory making unless it offers tools that can be harnessed to enhance business practise and performance:

**Is wisdom good for organisations?**

Another, possibly more provocative way to put this question is to ask: “is wisdom bad for business?” Both of these questions are deceptively simple, but they are not easy questions to answer. The answer depends on agreement on the nature of wisdom and organisational wisdom. We need to know more about how wisdom is evolves and operates in and impacts on organisations. Even if it is accepted that wisdom may be too elusive to measure it remains necessary to be able to identify wisdom and its impacts in order to establish the answer to this question. If wisdom is seen to be good for organisations, managers would like recipes, or more sophisticated insights into how to make their organisations wise.

And finally we pose a question that suggests a link to an additional body of practice and theory, which might offer some perspectives on the processes associated with the exercise of organisational wisdom:

**Is the exercise of a commitment to corporate social responsibility (CSR) one facet of the exercise of organisational wisdom?**

If we accept, as suggested earlier in this paper, that wisdom involves judgement that takes into account wider social and ethical considerations, then it is possible to make a link on the basis of the matter of ethics between the exercise of organisational wisdom, and the organisational commitment implied by corporate social responsibility (CSR). CSR recognises that businesses are part of society and therefore have the potential to contribute to that society. Business and society are seen as interwoven rather than as distinct entities. The Commission of the European Communities (2001) defines CSR as
“a concept whereby companies integrate social and environmental concerns in the business operations and in their interactions with stakeholders on a voluntary basis”. On the other hand, some might reject the association between ethics and wisdom, asking whether individuals and organisations need to be ethical to be wise.

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