

Practical Wisdom in Management: A Catholic Perspective

ANDRÉ HABISCH & CRISTIAN R. LOZA ADAUI

1. Introduction: knowledge versus wisdom

Knowledge and wisdom have always been differentiated in the history of Human thought¹. Recent Catholic social thought has made an important contribution to that ongoing discussion: “knowledge is never purely the work of the intellect. It can certainly be reduced to calculation and experiment but if it aspires to be wisdom capable of directing man in the light of first beginnings and his final ends, it must be ‘seasoned’ with the ‘salt’ of charity”².

A very important problem linked to the non-recognition of the difference between knowledge and wisdom in management can be identified in the so-called ‘gap between knowing and doing’. In a book entirely dedicated to this topic J. Pfeffer and R. Sutton present an interesting paradox: while “the ideas, although often widely known and proven to be useful and valid, remain unimplemented, [...] managers continue to buy the books filled with ideas they already know because they intuitively understand that knowing isn’t enough. They hope that by somehow buying and reading one more book they will finally be able to translate this performance knowledge into organizational action”³.

A qualitative change in management culture seems to be needed in order not only to make the accumulation of ‘knowledge’ a productive endeavor for a firm, but also to transform knowledge in wisdom and canalize it towards the success of the business operations and (mediated by these) also to society as a whole.

¹ As we know, the search of wisdom brought Socrates to death.

² Benedict XVI: *Caritas in Veritate*, Vatican City: Libreria Editrice Vaticana 2009, no. 30.

³ Pfeffer, Jeffrey and Robert I. Sutton: *The Knowing-Doing Gap: How Smart Companies Turn Knowledge into Action*, 1st ed., Harvard Business School Press 2000, p. 1.

In the following pages we will first elaborate the role of practical wisdom in management, we will then present some examples of the Christian tradition through religious and lay entrepreneurs and we will finally discuss the role of practical wisdom in Catholic social teaching.

2. Practical wisdom and the social sciences

The philosophical discussion on practical wisdom is rooted in the Western culture, since Aristotle differentiated between *sophia* (wisdom) and *phronesis* (practical wisdom). In Medieval Europe the importance and the revaluation of the Aristotelian thinking, especially by St. Thomas Aquinas, led him to consider practical wisdom as the most remarkable intellectual virtue; defined as the “*recta ratio agilibus*”⁴, practical wisdom was understood by Thomas as “the learned ability to exercise correct judgement accompanied by rational prescription in particular situations to determine the best means towards attaining a good end”⁵.

Most recently, the philosopher N. Maxwell made remarkable efforts to popularize the need to pass from knowledge to wisdom in science; by criticizing the actual scientific method and rationality, he argues that while scientific knowledge and technological know-how had increased the power to act, wisdom has not increase in the same proportion. Moreover according to him there is a growing dissociation between the successful pursuit of knowledge and technological know-how on the one hand and wisdom obtained on the other. For Maxwell this dissociation is the deeper cause of current challenges like the Global environmental crisis (resulting from unintended consequences of technological development) or war (as intentioned use of technology to harm human beings)⁶.

Besides the manifest written by N. Maxwell in favor of wisdom, another social science approach – authored by B. Flyvbjerg of Oxford Business School – tries to establish ‘a phronetic social science’. Flyvbjerg wants to execute social science research avoiding the widespread epistemic approach which merely imitates the methodical approach of the natural sciences⁷. As the narrower field of economics a similar criticism was brought about by the moral philosopher S. Toulmin. In one of his recent books this author criticizes the paradoxical intend of economics to replicate the Newtonian

⁴ Thomas, Aquinas: *Summa Theologiae*, bk. I-II, Q. 57, AA. 3-4 .

⁵ Grassl, Wolfgang: “Aquinas on management and its development,” *Journal of Management Development* 29/7 (2010), pp. 706-715, hier p. 707.

⁶ Maxwell, Nicholas: *From Knowledge to Wisdom. A Revolution in the Aims and the Methods of Science*, Oxford, United Kingdom: Basil Blackwell 1984.

⁷ Flyvbjerg, Bent: *Making Social Science Matter: Why Social Inquiry Fails and How it Can Succeed Again*, 1st ed., Cambridge University Press 2001.

dynamics for increasing its own scientific value. Doing so – Toulmin insists - economics supposes to imitate a “physics that never was”⁸.

3. Practical wisdom in management

The same epistemological critic has been also been expressed for management. E. Roca⁹ argues that in order to legitimate their scientific status, management scholars have tried to imitate the methodology of natural sciences: they managed to improve techniques, analytical tools and quantitative analysis thereby (unintentionally) marginalizing some moral considerations. For Roca, however, the improvement of management education needs the study of applied business ethics. Moreover, the need of ‘moral’ inputs for managerial decision-making calls for the integration of practical wisdom in business studies.

This criticism of management and especially of management education became a kind of commonplace during recent years, which have been overshadowed by the financial and economic crisis. In an important article published only after the premature death of the author, London Business School scholar S. Ghoshal¹⁰ expresses a deep concern about prevailing practice of Management Education. Ghoshal argues that the dominance of ‘Principle-Agent’ (PA) models¹¹ in the teaching of Business schools had nourished cynicism and opportunistic attitudes among a whole generation of future business leaders. Compared with model building in Natural Sciences the use of inadequate concepts is even more dangerous in the Social sciences, as students adapt their own expectations and behavior accordingly. Thus, assuming opportunistic behavior of managers and employees within prevailing PA models became a ‘self-fulfilling prophecy’.

Fueled by the widespread uneasiness about these developments attention on practical wisdom applied to management has been growing recently¹². Like

⁸ Toulmin, Stephen: *Return to reason*, Cambridge, (Massachusetts), London (United Kingdom): Harvard University Press 2001, pp. 47-66.

⁹ Roca, Esther: “Introducing Practical Wisdom in Business Schools,” *Journal of Business Ethics* 82/3 (2007), pp. 607-620.

¹⁰ Ghoshal, Sumatra: “Bad Management Theories are Destroying Good Management Practices,” *Academy of management Learning & Education* 4/1 (2005), pp. 75–91.

¹¹ Jensen, Michael C and William H Meckling: “Theory of the firm: Managerial behavior, agency cost and ownership structure,” *Journal of Financial Economics* 3/4 (1976), pp. 305–360.

¹² See for example the special issue of the *Journal of Management Development* dedicated to Practical wisdom in management from the Christian tradition, 2010, vol. 29(7/8).

many other topics of business ethics and ‘Corporate Social Responsibility’ even this topic seems to be more driven by practical needs than by intellectual curiosity¹³. However, the old academic debate about the relation between effectiveness and ethics in organizations¹⁴ and the difficulty to integrate both in decision making (‘separation thesis’) is still present, here¹⁵.

The practical wisdom approach pretends to go beyond the separation thesis and look at the real world behavior of decision-makers and innovators. Nevertheless it is important to remember the discussion that took place in the middle of the 1980s between D. Krueger and R.T. de George about the religiosity of practical wisdom. In accordance with the separation thesis de Georges argued that religious ethics does not add relevance to a philosophical understanding of business ethics, because a “philosophers [...] starts from the assumption that he can deal with moral issues in business, independently of any consideration of God’s existence or of revelation”¹⁶. On the contrary D. Krueger argued that de George’s perception of religious ethics was wrong, stating instead that all practical wisdom is inherently religious¹⁷.

4. Learning practical wisdom from Christian entrepreneurs

The Western concept of practical wisdom is rooted in the Aristotelian thought; however, it was Thomas Aquinas who assimilated it into the Christian intellectual tradition, which is over 2000 years old and is still acknowledged in management. In the rest of the article we want to elaborate in more detail the impact a Christian concept of practical wisdom might entail on practical decision making in companies. We want to develop our argument in two areas of management practice: First we inquire the impact of practical wisdom on driving business innovation and second we analyze the contribution of practical wisdom to managerial decision-making.

¹³ Pruzan, Peter et al.: *Leading with Wisdom: Spiritual-Based Leadership in Business*, Sheffield, UK: Greenleaf 2007.

¹⁴ Statler, Matt and Karin Oppegaard: “Practical Wisdom: Integrating Ethics and Effectiveness in Organizations,” *Business Ethics as Practice: Representation, Reflexivity and Performance*, Cheltenham: Edward Elgar 2007, pp. 169-189; Habisch, André and Wolfgang Grassl: “Economics and Ethics: Towards a New Humanistic Synthesis,” *Journal of Business Ethics* (2011).

¹⁵ The separation thesis proposes that business matters and ethical matters can be differentiated in a very sharp way.

¹⁶ de George, Richard T.: “Theological ethics and business ethics,” *Journal of Business Ethics* 5/6 (1986), pp. 421-432, here p. 424.

¹⁷ Krueger, David A.: “The religious nature of practical reason: A way into the debate,” *Journal of Business Ethics* 5/6 (1986), pp. 511-519.

Innovation in management has been widely studied in economic and business literature. It was the classical contribution of the Austrian economist Joseph Schumpeter to recognize the capacity of innovation as ‘creative destruction’. For Schumpeter innovation is a core challenge for the development of business and markets. He distinguishes two types of managers in the market: the innovators and the imitators. Innovators are those who destroy the *status quo* equilibrium with product or process development. Doing so they realize a temporal competitive advantage until other managers imitate these innovations and another status quo is reached, waiting for another innovation¹⁸.

4.1 Religious entrepreneurs

It is possible to identify some innovations in the institutional settings of the Church in pre-modern times – and in particular some religious orders and movements – as drivers of innovations that have influenced not only the economic relations between people, but have also enabled the creation of new institutional forms and the development of culture in general.

Taking into consideration that in pre-modern times, economy had not yet become a separate sphere but was embedded in social life, it can be argued that the effect of institutional innovations had an immediate impact on the economic life of people as well. In that same sense, some spiritual innovations were able to generate institutional innovations that had a direct impact on the economy¹⁹. It is therefore possible to consider some spiritual leaders as innovators in the field of economics and management.

In that sense, the contributions of Benedict of Nursia and Francis of Assisi, just to mention two of them, can be considered ‘religious entrepreneurs and spiritual innovators’. We will see that the impact of their innovations reached directly and indirectly the fields of economics and management.

Benedict of Nursia (480 – 547)

Pope Benedict XVI recognize the importance of Benedict of Nursia and his monastic movement referring to him as someone who: “with his life and works, had a fundamental influence on the development of European

¹⁸ Schumpeter, Joseph A.: *Essays: On Entrepreneurs, Innovations, Business Cycles, and the Evolution of Capitalism*, Transaction Publishers 1989.

¹⁹ Bruni, Luigino and Alessandra Smerilli: *Benedetta Economia. Benedetto di Norcia e Francesco d'Assisi nella Storia Economica Europea*, 2nd ed., Roma: Città Nuova 2008.

civilization and culture”²⁰. In fact, in recent years there has been a renewed interest on the monastic movements even inside of economics and management. The Benedictine movement has been a particular object of studies, here. As E. Inauen and others have shown, in Switzerland, Austria and Southern Germany monasteries developed an extraordinary longevity reaching in the mean no less than 450-500 years. Within their empirical research the authors ask: What are the institutional and cultural prerequisites for such an extraordinary organizational success?²¹ The special character of Benedictine governance structures is rooted in the *Rule of Benedict*, a compendium that structured monastic life for more than 15 centuries and is focused especially on leadership styles²².

Even if the term practical wisdom cannot explicitly be found in the Rule of Benedict, recent research argues that exist many implicit references to the concept²³. In fact, the practical wisdom of the Benedictine founding fathers brought about some innovations which shaped the general perception not only of Christian monasteries but of the whole Western Christian Civilization for centuries.

One of these important innovations is a revolution in the concept of Human labor and its (potential) role for Human fulfillment. In the context of the cultural setting of antique times, where labor was primarily relegated to slaves, the Benedictines introduced the idea that labor had an intrinsic and sense giving value. Even monastic life as a whole might be characterized through prayer and labor: ‘*ora et labora*’. This did not relate exclusively to individual activity; rather it grants a social meaning and might be interpreted in many different ways: As group prayer (*opus Dei*), as manual work (*labor*), as the use of talent and capacities (*artes*), as intellectual work (*opus, lectio divina*), as good activity practicing the Gospels call for loving thy neighbor (*bonum*) and as interior work or return to God (*conversatio morum*).

²⁰ Benedict XVI: “Saint Benedict of Norcia. Homily given to the general audience at St. Peter’s Square,” Vatican City 2008, http://www.vatican.va/holy_father/benedict_xvi/audiences/2008/documents/hf_ben-xvi_aud_20080409_en.html (accessed 11.11.2010).

²¹ Rost, Katja et al.: “The corporate governance of Benedictine abbeys: What can stock corporations learn from monasteries?,” *Journal of Management History* 16/1 (2010), pp. 90-115.

²² Galbraith, Craig S. and Oliver, III, Ph.D. Galbraith: *The Benedictine Rule of Leadership: Classic Management Secrets You Can Use Today*, Adams Media Corporation 2004.

²³ Tredget, Dermot Alan: “Practical wisdom and the Rule of Benedict,” *Journal of Management Development* 29/7 (2010), pp. 716-723.

Another Benedictine innovation was the communitarian monastic way of live, which became the social substrate of the first economic and commercial concepts. It was the German Sociologist of Religion M. Weber to interpret Monastic live as the first form of ‘rationality’ which laid the grounds to the later emergence of economic and managerial rationality. Management techniques of ‘communitarian goods administration’ within the monasteries are paving the way towards a Modern concept of accountability²⁴. Other innovative solutions to practical problems where the division of labor within the monastery²⁵, the management of human talent²⁶, forms of leadership by intrinsic motivation, the design of specific governance structures, democratic elements in the election of the abbot and the ‘visitation’ to informally control the government of monasteries: Many of these early practices form even challenges to ???(these was not in my text maybe you wanted to introduce something more).

Monasteries are no isolated organizations; rather they closely interact with their social environment and deeply influence the life of villages and cities. Their attempts to manage their day-to-day economic challenges in the spirit of the Gospel resulted in a practical wisdom, which in many respects is still relevant today. For example monks facing the problem of corn surplus developed the first intellectual approaches towards a theory of profit and a concept of fair prices, because of practical necessities²⁷.

Francis of Assisi (1181 – 1226)

There is also a growing interest in the contribution of the Franciscan movement to the emergence of the market economy. It seems to be a rather paradoxical fact that a spiritual movement, which concentrates on poverty, brought about the first systematic reflection on economic topics like value, price and money. The concept of the value of goods resulting from their

²⁴ Bruni, Luigino and Stefano Zamagni: *Civil Economy: Efficiency, Equity, Public Happiness*, Oxford [u.a.]: Peter Lang 2007, chap. 2.

²⁵ Consider here the existence of different responsibilities and tasks in the governance of the monastery, for example: the abbot, the prior, the dean, the cellerarius.

²⁶ Wolf, Notker: “Alter Wein in neuen Schläuche. Moderne Führungsverantwortung auf der Basis der regel Benedickts von nursia. Moralische Werte un der globalen www-Welt,” in: Meier, Uto and Bernhard Sill (eds.): *Führung. Macht. Sinn: Ethos und Ethik für Entscheider in Wirtschaft, Gesellschaft und Kirche*, Regensburg: Friedrich Pustet 2010, pp. 379-393.

²⁷ Bruni/Smerilli: *Benedetta Economia. Benedetto di Norcia e Francesco d'Assisi nella Storia Economica Europea*, p. 62.

scarcity – later formulated by the 19th century economist Gossen and the school of marginal utility - originates in the ‘Nominalistic’ tradition of Franciscan thinking. It also deduced the economic value of Human labor from its rareness and peculiarity within a community²⁸, thus discovering the subjective variability of the value perception. The idea of *complacibilitas* proposed by John Olivi and developed by Bernard from Siena anticipated modern economic thought^{29,30}.

The social role of the market was also reflected upon by Franciscans. The market was considered as a part of civil life: *communitas civilis*. As such it needed trust and credibility as a cultural foundation of price determination³¹.

As far as the legitimacy of financial transactions is concerned, Franciscans developed very important conceptual differentiations: between interest and usury and between money and capital. These differentiations unfortunately were later forgotten in history. From today’s perspective Christian thinking is reproached for delegitimizing interest and finance. However, only the contrary is true. Franciscan economic thought paved the way to the first experiences of microcredit realized within the *Monti di pietà* and the *Monti frumetari*³² in Italy: institutional innovations to address social and economic needs without welfarism³³.

With their ‘eschatological’ intellectual approach the Franciscan school clearly anticipated modern economic and financial theory. Their ‘distance’ to the World – prepared by a lifestyle of poverty – became the driver of a deeper understanding of value and utility in economic life³⁴.

In the field of management the practical wisdom of St. Francis and the Franciscan fratres minores has proposed concepts of leadership orientated towards the idea of ‘*exempla trahunt*’. They advanced a concept of leading

²⁸ Todeschini, Giacomo: *Ricchezza francescana: dalla povertà volontaria alla società di mercato*, Bologna: Il Mulino 2004, chap. 2.

²⁹ Bruni/Smerilli: Benedetta *Economia*. Benedetto di Norcia e Francesco d'Assisi nella Storia Economica Europea, p. 72.

³⁰ Ibid.

³¹ Ibid., p. 75.

³² Ibid., p. 72.

³³ It is important to mention that Pope Benedikt XVI remember explicitly the Monti di Pietà in the Encyclical *Caritas in Veritate*, no. 65. Interesting is that this is not to find in its english traduction.

³⁴ Bazzichi, Oreste: *Alle radici del capitalismo: Medioevo e scienza economica*, Cantalupa: Effatà 2003; Bazzichi, Oreste: *Dall'usura al giusto profitto. L'etica economica della scuola francescana*, Cantalupa: Effatà 2008.

people by personal examples instead of relying primarily on extrinsic motivations like payment of bonus, commanding or regulating³⁵.

4.2 Practical wisdom in the Age of Industrialization

Another important example for practical wisdom in the Christian tradition is represented by the initiatives of Christian entrepreneurs in times of the early Industrialization. What we call Industrialization today definitely marks the most radical transformation of civilization in Human history. As G. Clark has shown in his path-breaking study, income and living quality even of poor people literally exploded during this period³⁶. What had been expressed as the ‘Malthusian catastrophe’ – a forced return to subsistence-level conditions once population growth had outpaced agricultural production – was overcome with these developments. In Germany alone population size doubled with per capital income level tripling during that period³⁷. At the same time the rise of the modern society posed enormous cultural threats to a Christian ethical orientation. As the church had formed an integral part of the traditional society important intellectuals called for a relief of the Christian Ethical Foundations within the new progressive age³⁸. It was in the same mental Milieu that the first scientifically grounded Atheism of Human history emerged from the thought of philosophers like K. Marx, L. Feuerbach, S. Freud and others.

It was in the context of that double headed challenge that Christian Leaders adhered to their normative traditions. They believed that the Christian concept of man as a Human Person as well as the Christian concept of the World as God’s creation is still valid even under radically transformed living and working conditions. In order to fully meet the requirements of

³⁵ Arens, Heribert: “...das du für dich selbst fest entschlossen bist, so zu handeln”. menschenführung franziskanisch,” in: Meier, Uto and Bernhard Sill (eds.): Führung. Macht. Sinn: Ethos und Ethik für Entscheider in Wirtschaft, Gesellschaft und Kirche, Regensburg: Friedrich Pustet 2010, pp. 490-500.

³⁶ Clark, G: Farewell to alms: A brief economic history of the world, Princeton: Princeton University Press 2008.

³⁷ Kaufhold, K.H.: “Wirtschaft und Gesellschaft in Deutschland seit der Industrialisierung (1800-1963),” in: Rauscher, Anthon: Soziale und Politische Katholizismus: Entwicklungslinien in Deutschland (1800-1963), vol. II, München, Wien: Olzog 1981, pp. 9-51.

³⁸ Probably the most outspoken advocate of that call was F. Nietzsche who had been raised as a protestant preacher’s son. For Nietzsche, the Christian concept of solidarity with the poor was responsible for the bondage of the ‘Über-Mensch’ and the delay of progress and development.

that claim, however, it became clear that traditional norms had to be translated into a set of norms and behaviors which jibe with the new social environment: the Christian Social Thought tradition emerged.

It is interesting to differentiate between successive steps in that innovative process of the 19th century Catholicism. The major challenge was the dire economic and spiritual situation of Christian laborers and their families, many of whom were Catholics. This social problem (*‘Die soziale Frage’*) was first perceived in terms of traditional Medieval values: as a call for Charity and sympathy with the poor. Entrepreneurial patriarchs provided elementary goods for their workers. Only step by step did that initial attitude adjust itself to a different approach: workers were perceived as partners endowed with the legitimate claim to organize themselves and to lobby for their interest. The regulatory idea of a partnership between labor and capital which might overcome the destructive class conflicts, was in gestation³⁹. Finally legal frameworks and social institutions emerged on a political level, which ‘humanized’ the new environment of the Industrialized society.

It is widely forgotten today that there were Christian Entrepreneurs whose ‘practical wisdom’ triggered that collective learning process and thus saved the Western culture from revolutionary Socialism.

Franz Brandts

Franz Brandts was born on November 12th, 1834 in Mönchen-Gladbach, as the second son of the Textile Entrepreneur Franz Anthon Brandts (1801-1876) and Apolonia Béhaut (1807-1889). After finishing his education in the *Höheren Stadtschule in Gladbach* (1845-1849) he joined his father in business travels across Germany. In 1860 Brandts father founded his own factory and in 1863 F. Brandts travelled to England to learn more about the production techniques there⁴⁰. After his return to Gladbach in 1865 he convinced his father to give up the hand-weaving mill and to set up mechanical looms in the factory⁴¹.

³⁹ Stegmann, F.-J. and Peter Langhorst: “Geschichte der Sozialen Ideen im deutschen Katholizismus,” in: Euchner, Walter et al. (eds.): *Geschichte der sozialen Ideen in Deutschland: Sozialismus - katholische Soziallehre - protestantische Sozialethik ; ein Handbuch*, Wiesbaden: VS Verl. für Sozialwiss. 2005, pp. 559-866.

⁴⁰ The quick German industrialization during these years was spurred by industrial espionage of young German entrepreneurs in Britain - a fact largely ignored in present times when similar tendencies are decried by Chinese guest workers in German companies.

⁴¹ Löhr, W: “Franz Brandts (1834-1914),” in: Aretz, J., Rudolf Morsey and Anthon Rauscher (eds.): *Zeitgeschichte in Lebensbildern. Aus dem deutschen*

Entrepreneur and politician

The company of Brandt's father became a pioneer of the clothing industry with his machine for semi-manufactured wool. His products were cheaper than the pure cotton textile produced at Aachen: It could be sold well and captured a large share market – insuring the economic success of its owner. However, Brandts always felt a larger responsibility. In 1866 he wanted to become member of the Prussian Chamber of Deputies as candidate of the Catholic Center party, but his liberal competitor defeated him. One year later (1867) he married Maria Roosen and after some years he decided to be engaged in the local politics in Gladbach, where he became a member of the city council from 1871 until 1904⁴².

Within Gladbach's city council he was recognized as a financial and tax expert. He began to lobby actively against the land tax, which prevented the construction of new houses for laborers and their families. Indeed in 1904 the City council of Gladbach abolished the land tax for houses cheaper than 6000 Marks⁴³. Additionally Brandts fostered the expansion of the savings bank system to support workers in the creation of financial reserves.

During the '*Kulturkampf*' (1871-1879), the long conflict of the Prussian-German Bismarck Government with the German Catholic Church, Brandts took position for the Church. He opposed funding the anti-French militarist Sedan-day (1872) and declared: "the welfare of the country is currently very vulnerable". His opposition did not prevent the Prussian state from closing down the local Catholic Girls' school in 1875. Nevertheless, he privately engaged for the reopening that finally took place in 1882⁴⁴.

According to Löhr "neither his pioneer work as manufacturer or its local political activity would have make him famous beyond his native city if he would not have started already at a young age to care about the situation of the workers"⁴⁵. Already in 1867 he was one of the six entrepreneurial members of Gladbach's Chamber of Commerce who wanted to reduce working day to just 12 hours. In 1872 F. Brandts started his own business and right from the beginning he introduced a series of social innovations on the governance as well as operational level of his firm.

Katholizismus des 19. und 20. Jahrhunderts, vol. 3, Mainz: Matthias-Grünwald 1979, pp. 91-105.

⁴² Ibid., p. 92.

⁴³ Waldecker, Christoph: "Brandts, Franz," Biographisch-Bibliographisches Kirchenlexikon, vol. XXIII, Nordhausen: Traugott Bautz 2004, pp. 166-173, hier p. 166.

⁴⁴ Waldecker: "Brandts, Franz."

⁴⁵ Löhr: "Franz Brandts (1834-1914)," p. 92.

Social benefits for the workers

The social benefits for the workers inside of F. Brandt's factory were diverse. As documented in the "*Fabrikordnung*" – a document that will be explained in detail later –, the factory of Brandts disposes of a health insurance fund, a family health insurance fund, an employee pension fund, a savings bank, a savings club, a kindergarten, a sewing school, a bath, a library and a music club with choir and orchestra⁴⁶. The employees could have lunch in a workers' restaurant, where even 86 extern workers were served for just 25 pfennigs, as well as an hospice with relaxation rooms, the garden and the park that were practically part of F. Brandts house⁴⁷. In order to enable workers to benefit from these institutions the working day was just 10¼ hours long⁴⁸ [compared with 11-14 at the competitors] and F. Brandts was recognized for paying the highest wages in the city⁴⁹.

In order to understand the practical wisdom of F. Brandts, we have to analyze the institutional structure of some of his social innovations. Brandts created a health insurance fund for his workers to help them in case of sickness or necessity. It was obligatory for all the workers, who had to pay 4 pfennigs for every earned Thaler and after the introduction of the Mark they paid 3⅓ pfennigs for every 3 earned Marks. Additionally Brandts paid 50% of the whole contributions. In case of surpluses the principal of the firm paid an interest on 5%. In case of sickness the workers received medical treatment, the cost of medicine and the half of their last four weeks' averaged income for a six-months-period⁵⁰.

The obligatory character of the health and insurance funds triggered the need to involve employees in the management of various funds. The *Fabrikordnung* determines the creation: of "The Council of Elders" who

⁴⁶ Löhr, W (ed.): Die Fabrikordnung der Firma F. Brandts zu Mönchengladbach. Unveränderte Nachdruck der Ausgabe von 1885, Mönchengaldbach: Stadtarchiv Mönchengaldbach 1974.

⁴⁷ Löhr: "Franz Brandts (1834-1914)," pp. 93-94.

⁴⁸ Löhr (ed.): Die Fabrikordnung der Firma F. Brandts zu Mönchengladbach. Unveränderte Nachdruck der Ausgabe von 1885, p. 7.

⁴⁹ Löhr: "Franz Brandts (1834-1914)," p. 93.

⁵⁰ Löhr (ed.): Die Fabrikordnung der Firma F. Brandts zu Mönchengladbach. Unveränderte Nachdruck der Ausgabe von 1885; Löhr: "Franz Brandts (1834-1914)," p. 93; Puppke, L: Sozialpolitik und Soziale Anschauungen Frühindustrieller Unternehmer in Rheinland-Westfalen, Köln: Rheinisch-Westfälischen Wirtschaftsarchiv zu Köln 1966, pp. 274-275.

was supposed to mediate between owner-entrepreneur and the workers⁵¹ and to care about the worker's problems.

According to Löhrr the health insurance fund was managed by 6 persons: 4 employees elected from the work force, the foreman and the owner-entrepreneur, who in case of election had two votes⁵². Thus, employees still had a majority vote in the fund management even in relationship to the owner-entrepreneur. This emancipative institution was exceptional in an era in which worker's benefits – if granted at all – were perceived as mere alms of entrepreneurial patriarchalism. Another study states that the '*Fabrikordnung*' is also a precursor experience of the '*Mitbestimmung*' - the integration of workers into the decision process of the firm⁵³.

The 'Fabrikordnung' of F. Brandts Factory

All social innovations of Brandts' factory aimed at increasing the social welfare of the workers. Therefore, they were supported with a set of behavioral regulations. The "Order of the Factory" (*Fabrikordnung*) was published complete for the first time in 1885⁵⁴. This document contained at the very beginning clear ethical orientations:

⁵¹ Is very interesting to see that the *Fabrikordnung* use the word "*prinzipal*" regarding the owner of the factory, See Löhrr (ed.): *Die Fabrikordnung der Firma F. Brandts zu Mönchengladbach*. Unveränderte Nachdruck der Ausgabe von 1885, p. 6.

⁵² Löhrr: "Franz Brandts (1834-1914)," p. 93.

⁵³ Puppke: *Sozialpolitik und Soziale Anschauungen Frühindustrieller Unternehmer in Rheinland-Westfalen*, pp. 271-276. It is very interesting to see how this structures of co-determination –we may said today empowerment– influence even after the second world war and expanded to whole Germany. In 1949 the Katholikentag, stated that the co-determination (*Mitbestimmung*) in business was anchored in the natural law, see: Spieker, Manfred: "Labor, Property and Co-Determination: Guidelines of the Christian Social Teaching and Experiences in Germany," St. Thomas University 2001. This unchained a very interesting controversy that finished one year latter by S.S. Pius XII who criticized this position considering it to extrem and contrary to the idea of the private social contract, see: Pius XII: "Address to the International Conference of Social Studies" (1950).

⁵⁴ In the introduction to the facsimile reproduction of this document W. Löhrr makes clear that parts of this document were published in the journal "*Arbeiterwohl*" already in the year 1881, see: Löhrr (ed.): *Die Fabrikordnung der Firma F. Brandts zu Mönchengladbach*. Unveränderte Nachdruck der Ausgabe von 1885.

“All supervisors had to be a model for their subordinates as far as morality and a religion is concerned”⁵⁵. The mockery of religion and morality as well as repeated scraps leads to immediate dismissal: “dissolute lifestyle, reckless debts and repeated drunkenness” had the same consequences⁵⁶.

F. Brandts was also famous for his demanding sexual morality. Male and female laborers should be working separately if possible; moreover illegitimate sexual relations were also forbidden during leisure time and outside the factory⁵⁷. However, what today seems to be a major infringement on laborer’s private lives should also be reflected in its economic consequences: In a social context without any welfare state institutions an unwanted pregnancy could lead to serious economic problems especially for the mother and child.

Despite of these strict rules (or because of them?) F. Brandts was revered as a father by his workers. In fact his behavior bore many patriarchal traits: He lived among them and his house was located in the working class neighborhood. The center of the small settlement was a chapel with a relic of St. Aloysius. The construction of the building was motivated for the

⁵⁵ All the traductions of this document are free traductions of the authors, we reproduce the textual citations also in german for accurate analysis:

“Alle Vorgesetzten in der Fabrik, Meister und Angestellte, sind gehalten, ihren Untergebenen in der Erfüllung ihrer sittlichen und religiösen Pflichten mit einem guten Beispiel voranzugehen und fördernd auf den sittlichen Geist in der Fabrik einzuwirken” See: Fabrikordnung, 1885, § 1, p. 5.

⁵⁶ “Arbeiter die sich innerhalb der Fabrik öffentlicher Verhöhnung der Religion oder der guten Sitte, oder grober unsittlicher Handlungen schuldig machen, oder in trunkenen Zustände betroffen oder der Veruntreuung überprüft werden, oder Schlägerei veranlassen oder daran teilnehmen, werden sofort entlassen.” See Fabrikordnung, 1885, § 4, p. 6.

⁵⁷ “Die weiblichen Arbeiter sollen während der Arbeit, soweit tunlich, von den Arbeitern männlichen Geschlechts getrennt sein. Ebenso ist denselben während der freiem Zeit jeder gegenseitige Verkehr untersagt. Zuwiderhandlungen, sowie jeder leichtsinnige der christlichen Sitte widerstrebende Verkehr der jungen Leute beiderlei Geschlecht, auch außerhalb der Fabrik, ziehen Verwarnung seitens des Arbeitervorstandes und, falls diese fruchtlos, Kündigung nach sich.” See: Fabrikordnung, 1885, § 5, p. 6. According to W. Löhr the Fabrikordnung had a patriarchal spirit because of the influence of Peter Norrenberg (1847-1894) who was the chaplan of Viersen –a town near to Moenchen-Glabach– and who participated in the redaction of the first part of the document. The document was finalized by F. Hitze. See: Löhr (ed.): Die Fabrikordnung der Firma F. Brandts zu Mönchengladbach. Unveränderte Nachdruck der Ausgabe von 1885.

death of Brandts' son Rudolf, who died in 1889 at the age of 21 years of tuberculosis⁵⁸.

Obviously, Franz Brandts was not the first entrepreneurial person to make labor conditions more bearable for workers and their families. Rather tycoons like Alfred Krupp (1812-1887) served a role model for many others in that respect. However, Brandts social engagement was not limited to his firm or to his activity as a local politician. F. Brandts was dominantly involved in the creation of two of the most important Catholic organizations in Germany: "Arbeiterwohl" and the Peoples League for Catholic Germany (*Volkverein für das katholische Deutschland*). Associations of that kind played an important role in shaping the emerging welfare politics of the Prussian-German government.

The People's League for the Catholic Germany (Volkverein für das katholische Deutschland)

In 1890, ten years after the foundation of 'Arbeiterwohl' and just one year before the Encyclical 'Rerum Novarum' was published by Pope Leo XIII, Franz Brandts, together with Franz Hitze and Ludwig Windhorst – a leading Catholic politician in the German Reichstag – founded another, even more influential association: the People's League for the Catholic Germany (*Volkverein für das katholische Deutschland*). Once again F. Brandts was elected the first chairman, and the seat of the association remained at Mönchengladbach until its dissolution by the Nazi-Government in 1933.

This organization was supposed to become a catholic-social umbrella organization. Indeed at its heyday before World War I. the People's League for the Catholic Germany counted more than 800 000 members in more than 6000 local committees and more than 15 000 volunteers⁵⁹. The library of the Mönchen-Gladbach based head office hosted more than 74 000 volumes and 420 newspapers and journals. A slide corporation produced shows for all kinds of social and economic knowledge; a modern printing house printed the many Catholic cultural series, which the *Volkverein* was going to edit. These included Christian entertainment as well as information in so different areas as economics, agriculture, gardening, household, body care etc.

⁵⁸ Besides Rudolf Brandts, in 1874 three daughters died from the 'white plague'. Overall F. Brandts had eight children.

⁵⁹ Waldecker: "Brandts, Franz," p. 166 ss.

According to Stegmann and Langhorst the objectives of this organization were⁶⁰: to confront the revolutionary aspirations of the social democrats, to promote the social contract between workers and employers, to offer social information and economic education through newspapers, pamphlets and courses for Catholic associational functionaries, to plan and lead mass meetings (f.e. during *Katholikentage*).

The importance of the *Volksverein* not only for the Social Catholicism but also for democratic traditions in the Western parts of Germany in the first half of the 20th century can hardly be overestimated. This does not only include a grass- roots level Christian cultural activity which enriched the life of millions of simple workers and their families. The associational life of Social Catholicism (supported by cultural materials originally from the *Volksverein*) enabled them to overcome widespread alienation and to resist the calls of Totalitarian rat-catchers from the Communist as well as Nazi movement. Election results for the National Socialist party have always been significantly lower in Catholic parts of Germany until the last free election in 1933. Moreover, *Volksverein* also became the civil society backbone of the Social Catholic 'Center party' and recruited many functionary elites of the Weimar republic.

Thousands of democratic political leaders in Western parts of Germany emerged from the economics and social science courses, rhetoric trainings etc of *Volksverein*. One of the most prominent examples is Heinrich Brauns, a Catholic priest from Cologne who had served as a director at the *Volksverein* head office for years. In 1920 Brauns became German minister for Labor affairs - a position he was able to hold until 1928 in 12 quickly changing cabinets of the instable Weimar republic. During these years some cornerstones of the German social market system could be laid – for example the implementation of independent labor courts, of works councils with co-determination rights, a public unemployment insurance etc. After his dismissal Brauns held very prestigious positions in the League of Nations before he was forced to resign and was isolated by the Nazi Government dying widely forgotten in 1939⁶¹.

Without the organizational skill and the visionary perspective of Franz Brandts the *Volksverein* would never have reached its decisive importance and could not have developed its emancipatory dynamics for the workers

⁶⁰ Stegmann/Langhorst: "Geschichte der Sozialen Ideen im deutschen Katholizismus."

⁶¹ Mockenhaupt, Heinrich: "Heinrich Brauns (1868-1939)," in: Morsey, Rudolf (ed.): *Zeitgeschichte in Lebensbildern. Aus dem deutschen Katholizismus des 20. Jahrhunderts*, vol. 1, Mainz: Matthias-Grünwald 1973, pp. 148-159, hier pp. 153-159.

and their families. Shortly after his death in 1914 the association lost much some of its adaptability to a changing social environment. Membership decreased and as far as the mission was concerned Volksverein slipped into a romantic criticism of Capitalism, which the entrepreneur Brandts was always keen to avoid⁶². Moreover, large parts of the Episcopal hierarchy of the Catholic Church in Germany remained reserved against the associational life of Social Catholicism. Associations were led by lay persons and seemed to be too inclined to worldly aspects of organizational life and civic emancipation. Some bishops also opposed the centralist organization of Volksverein and many other associations of Social Catholicism because they exceeded the diocesan structure of Catholic life and build parallel structures to the hierarchical church⁶³. Brandts' clerical successors A. Heinen und A. Piper lacked the economic and personal independence of the successful entrepreneur which granted him that kind of self-conscious independence a Civic leader needed.

However, the importance of the Volksverein transcends the limits of Germany. According to S. Agócs⁶⁴ it can be hypothesized that S.S. Pius X in his Encyclical Letter *Il Fermo Proposito* –dedicated to the Catholic Action in Italy and the best ways to reorganize it– make reference to the Volksverein. The Pope wrote:

“...To arrive to this end (the prosperity and continuity of the social Action in Italy), in some places several of these praiseworthy works have called into being an institution of general character which goes by the name of “Popular Union”. Experience has shown that this has been most effective. The purpose of the Popular Union has been to gather all Catholics, and especially the masses, around a common center of doctrine, propaganda, and social organization”⁶⁵.

Profile of Franz Brandts as a Christian social entrepreneur

Until now we have seen F. Brandts works but in order to identify his charismatic profile we have to enter into his mind-set. He had a clear vision

⁶² Baumgartner, Alois: *Sehnsucht nach Gemeinschaft. Ideen und Strömungen in der Sozialkatholizismus der Weimarer Republik*, München: Schöningh 1977.

⁶³ Müller, D. H., D. Dowe and Schneider, M.: *Arbeiter-katholizismus-Staat: Der Volksverein für das katholische Deutschland und die katholischen Arbeiterorganisationen in der Weimarer Republik*, Bonn: Dietz 1996.

⁶⁴ Agócs, S: ““Germania Doceat!” the Volksverein, the Model for Italian Catholic Action, 1905-1914,” *The Catholic Historical Review* 1 (1975), pp. 31-47.

⁶⁵ Pius XII: *Encyclical Letter Il Fermo Proposito on Catholic Action in Italy*, Vatican City: Libreria Editrice Vaticana 1905, no. 15.

of the importance of Christian faith for the culture, for society and for the economy:

“For major parts of the population, moral ideas are based in religious values and convictions. Even in times of slow and calm developments the disappearance of religious values lead to the decay of the people – much more in our times today which are characterized by enormous economic transformations. Those changes are most overtly perceptible in the economy but are also accompanied by transformations in spiritual dimension. It is not our duty to reverse these developments but ... to integrate the progress which the innovations bring about into the traditional culture. According to history and the conscience of the majority of our people this is the Christian culture relying of the moral and religious ideas of Christianity”⁶⁶.

He does not find a contradiction between faith and reason and his engagement is oriented towards a larger vision of society and man:

“This should be the best passable way: The millions of non believing socialist workers must be confronted by even more convinced Christian workers whose faith relies on reason and will, whose character is consolidated and refined by Christian convictions and whose intelligence towers those of their enemies,”... Moreover, reason, character and heart should be educated regularly, love for the profession and skill for itself, a sense for the family life, for every ideal, for art and will: all that must be awakened and cultivated and submission under the highest goal of Christianity which Christianity shows to us”⁶⁷.

⁶⁶ “Die sittlichen Ideale wurzeln aber, besonders für die weiteren Kreisen des Volkes, in seinen religiösen Anschauungen und Überzeugungen. Selbst in Zeiten ruhiger Entwicklung führt das Schwinden sittlicher religiöser Ideale zum Niedergang des Volkes, wie viel mehr in Zeiten großer wirtschaftlicher Umwälzungen, wie wir sie heute haben. Diese Wandlungen machen sich auf wirtschaftlichem Gebiete am meisten fühlbar, sind aber auch von einer weitreichenden Umwälzung auf geistigem Gebiete begleitet. Es ist nicht unsere Aufgabe, dieselben aus der Welt zu schaffen, wohl aber ist es unsere Aufgabe, unter Wahrung der Grundlagen unserer Gesellschaftsordnung und unseres Kulturlebens, das, was am Neuen berechtigter Fortschritt ist, in die bisherige Kultur aufzunehmen. Diese ist aber nach der Geschichte und nach dem Bewusstsein der überwiegenden Mehrheit unseres Volkes die christliche Kultur, welche auf den sittlich-religiösen idealen des Christentums beruht”. Brandts, Franz: “Christentum und Arbeiterbildung,” Die geistige Bildung des Arbeiterstandes, vol. 28, Soziale Tages-Fragen. Zwanglose Hefte, Volksverein für das katholische Deutschland ed., Mönchen-Gladbach: Volksverein für das katholische Deutschland 1902, pp. 5-7, hier p. 5.

⁶⁷ Ibid., p. 7.

He was convinced that the social innovations cannot be effective in a society, which stopped to think long term and which lost the sense of religion and transcendence.

“It becomes clear that the most genial and well intended institutions of public and private care do not solve the problem of workers and have the value of a soap bubble if workers loose religion and a belief in the other world.”⁶⁸

He had a social sensibility and a realistic way of thinking:

“Don’t turn away from me if I speak of social duties and if we state that their exertion is crucial for the future of our country and the wellbeing of our children; if we appeal to your heart and soul and the Christian community of men! I refer to the educated circles whose egoism has not yet run down their better part and who found seldom the possibility to take into consideration the living conditions of small people, who had never taken a glance in the huts of the poor, who in the past lacked the possibility for serious engagement where the wellbeing of the other is concerned”⁶⁹

The integrity of private and public life:

“The religious and moral care from the employer is indeed not of minor importance than the material and it is clear that the material care is without doubt the best

⁶⁸ Es wird immer klarer, immer und widersprechlicher, dass die genialen und in höchsten Maße wohlgemeinten Einrichtungen der Staatlichen wie der privaten Fürsorge für eine wirkungsvolle und dauernde Lösung der Arbeiterfrage nur den Wert von Seifenblasen haben, wenn den Arbeitern die Religion, der Glaube an ein Jenseits verloren geht” (11th General Assembly of the Arbeiterwohl, Bocholt 26 October 1891) Ibid., p. 69.

⁶⁹ „Wendet euch nicht ab, wenn wir von sozialen Pflichten reden, wenn wir sagen, daß von ihrer Ausübung die Zukunft unseres Vaterlandes, das Wohl unserer Kinder abhängt, wenn wir dabei zugleich an euer Herz und Gemüt appellieren und an die im Christentum so tief begründete Gemeinschaft der Menschen! Ich wende mich an die vielen aus den gebildeten Kreisen zunächst, denen Egoismus noch nicht ihr besseres teil geschmälert hat, die bisher kaum je Gelegenheit hatten, einen Blick zu tun in die Verhältnisse der kleinen Leute, die vielleicht auch niemals geschaut haben in die Hütten der Armen, denen wohl nur die Gelegenheit zu ernsten Mitbetätigung gefehlt hat, wo es dem Wohle des Nächsten galt.“ (General Assembly of the Volksverein, Düsseldorf 18 August 1908) Ibid., p. 75.

legitimation for the moral one⁷⁰... the entrepreneur has to seek the way to the heart and reason of the laborer. This is most successful if he – with their cooperation – introduces welfare organizations that approaches the single worker and shows that the personal wellbeing of workers is important to them.⁷¹

Helping the workers should not humiliate them.

“Helping the upright worker who does need temporary help does not mean to reduce him to a pauper; it does not mean to weaken his sense of self-reliance and self help; rather it does means to protect him from sinking down to the real proletariat”.⁷²

All this citations of the words of F. Brandts are of course not sufficient to make the profile of a so multifaceted person. Some authors argued that in F. Brandts and his contemporaries a patriarchal responsibility was motivating them to care about his workers and the common good⁷³. However he influenced lots of other entrepreneurs as well as politicians to take in consideration the social problems from a point of view anchored in the Christian tradition.

Alphons Thun a national economist of Brandt’s times states: “This man from the lower Rhine is for me he ideal of Entrepreneur, with all the merits in business as well as all the virtues in social and political relations. Happy as Businessman, fair and benevolent as employer, a whole man in one mold who manifests his intensive catholic faith in his works”⁷⁴.

⁷⁰ Die religiös-sittliche Fürsorge von Seiten des Arbeitgebers ist in der Tat nicht minder dringend wie die materielle, wobei selbstzuhalten ist, dass die materielle Fürsorge ohne Zweifel die beste Legitimation für die sittliche ist. (6th General Assembly of the Volksverein, Köln 22 December 1886) Ibid., p. 78.

⁷¹ “Der Unternehmer muß den Weg zum Herzen und zur Vernunft der Arbeiter suchen. Das gelingt ihm am besten, wenn er unter ihrer Mitwirkung Wohlfahrtseinrichtungen einführt, den einzelnen Arbeitern nähertritt und dadurch zeigt, daß ihm das persönliche Wohl der Arbeiter am Herzen liegt (10th General Assembly of the Arbeiterwohl, Koblenz, 26 August 1890)Ibid., p. 90.

⁷² Es ist nicht gemeint, den wackeren, der vorübergehenden Hilfe bedürftigen Arbeiter zum Armen zu degradieren; es ist nicht gemeint, den Trieb zur selbständigkeit und zur Selbsthilfe in ihm abzuschwächen, umgekehrt ist gemeint, ihn vor dem Heransinken ins eigentliche Proletariat zu schützen. (17th General Assembly of the Arbeiterwohl, Cologne, 9 November 1897)Ibid., p. 91.

⁷³ Ritter, E.: Die katholisch-soziale Bewegung Deutschlands im Neunzehnten Jahrhundert und der Volksverein, Köln: J. P. Bachem 1954.

⁷⁴ “Dieser Mann ist mir am Niederrhein als Ideal eines Fabrikanten erschienen, mit allen Vorzügen in geschäftlicher und allen Tugenden in sozialpolitischer

Linking this appreciation of Brandts with the discussion about “split personalities” of entrepreneurs introduced by H. Alford and M. Naughton⁷⁵, after all that what we know about F. Brandts its easy to say that he wasn’t a case of split personality and that is also a characteristic of his charisma as conservative innovator, his capacity to live his life with integrity and to foster it in bigger social contexts. This can be also a topic for further research to enlighten the future and youth business people.

Conclusive remarks

The renewed attention to practical wisdom in social sciences and in particular in management is undeniable, we tried here to analyze it in a catholic perspective; in our paper we didn’t discuss about concepts or different approaches to practical wisdom as a theoretical concept, instead we try to present the role of practical wisdom as driver of innovation in two different kind of entrepreneurs:

Firstly, ‘religious or spiritual entrepreneurs’ as Benedict of Nursia and Franz of Assisi. Both managed the link between practical wisdom and innovation, introducing intendedly and unindendedly a series of changes in the way of perceive and define many economic and managerial topics, but offering a way to conceive live as a Christian. But more importantly is the ability they had to offer a new way to live the Christian faith, emphasizing specific aspects – such as work and community life in the case of St. Benedict and poverty in the case of St. Francis – without scarifying the whole. To put it in another way: innovating inside their own tradition, preserving the tradition itself and developing it in a particular aspect.

In a second part we presented the contribution of Franz Brandts an ‘entrepreneur and social innovator’ who develop his business practices in times of industrialization. Facing the challenges of industrialization in Germany with an explicit Catholic position; Brandts is not just a manager example of how it is possible to make changes that can become institutionalized later. Noteworthy is the role that he and many other Catholic entrepreneurs, have had directly and indirectly in shaping and developing human and social management standards consistent with Christianity during the first decades of the Industrialization.

Beziehung. Glücklich als Geschäftsmann, gerecht und wohltätig als Arbeitgeber, ein ganzer Mann aus einem Guss, der seinen intensiven katholischen Glauben auch in seinen Werken bekundet”. See: *Ibid.*, p. 129.

⁷⁵ Alford, Helen J. and Michael Naughton: *Managing as if faith mattered: Christian social principles in the modern organization*, Notre Dame, USA: University of Notre Dame Press 2001.

We decided to present examples because is properly in practice where 'practical' wisdom express itself. From these three examples is possible to deduce some particularities working as framework for practical wisdom at all:

Practical wisdom get born even in circumstances in which is unexpected, our examples represent clearly how there is a tension between a Weltanschauung and the conditions and circumstances of the day-to-day work that if it is well canalized drives to innovations full of practical wisdom.

Practical wisdom is more closely to a particular interdisciplinary thinking than to an extreme monodisciplinary approach to some topic, thus practical wisdom permit to avoid reductionism and to develop a more holistic approach to reality. In this holistic approach, practical wisdom permits the recognition of certain orders in which for example: people stay over things and ethics stay over technique there where doing so is a legitimate course of action.

Practical wisdom makes possible the concretization of principles in decision-making. In times of globalization, we face not only a number of changes in our social living conditions, similar to the change that occurred during industrialization, today in many cases religion and a religious way of live, is seen as a social threat which is better to restrict to the privat live, denying any role for it in the public sphere.

Today, having a Social Doctrine of the Church (SDC) with more than 100 years of development doesn't means that there is an automatical putting in practice of the principles and considerations of the SDC, this requires the development of practical wisdom to take principles into concrete actions. The principles concretization process' in managerial decision-making demands discernment; discernment is not only an academic investigation that concludes with a statement, nor is a practical decision motivated for the outputs of the choice; discernment is not simply acting with wisdom or with good sense, it is also in a way a theological act. Thus, practical wisdom in a catholic perspective, is not a deductive imposition of principles to the managerial reality nor the inductive justification of certain decisions; it is more a way to enlarge freedom for his own good and that of the society.

Literatur

Agócs, S: "'Germania Doceat!' the Volksverein, the Model for Italian Catholic Action, 1905-1914," *The Catholic Historical Review* 1 (1975), pp. 31-47.

Alford, Helen J. and Michael Naughton: *Managing as if faith mattered:*

- Christian social principles in the modern organization, Notre Dame, USA: University of Notre Dame Press 2001.
- Arens, Heribert: "...das du für dich selbst fest entschlossen bist, so zu handeln". menschenführung franziskanisch," in: Meier, Uto and Bernhard Sill (eds.): Führung. Macht. Sinn: Ethos und Ethik für Entscheider in Wirtschaft, Gesellschaft und Kirche, Regensburg: Friedrich Pustet 2010, pp. 490-500.
- Baumgartner, Alois: Sehnsucht nach Gemeinschaft. Ideen und Strömungen in der Sozialkatholizismus der Weimarer Republik, München: Schöningh 1977.
- Bazzichi, Oreste: Alle radici del capitalismo: Medioevo e scienza economica, Cantalupa: Effatà 2003.
- : Dall'usura al giusto profitto. L'etica economica della scuola francescana, Cantalupa: Effatà 2008.
- Benedict XVI: Caritas in Veritate, Vatican City: Libreria Editrice Vaticana 2009.
- : "Saint Benedict of Norcia. Homily given to the general audience at St. Peter's Square," Vatican City 2008, http://www.vatican.va/holy_father/benedict_xvi/audiences/2008/documents/hf_ben-xvi_aud_20080409_en.html (accessed 11.11.2010).
- Brandts, Franz: "Christentum und Arbeiterbildung," Die geistige Bildung des Arbeiterstandes, vol. 28, Soziale Tages-Fragen. Zwanglose Hefte, Volksverein für das katholische Deutschland ed., Mönchengladbach: Volksverein für das katholische Deutschland 1902, pp. 5-7.
- Bruni, Luigino and Alessandra Smerilli: Benedetta Economia. Benedetto di Norcia e Francesco d'Assisi nella Storia Economica Europea, 2nd ed., Roma: Città Nuova 2008.
- Bruni, Luigino and Stefano Zamagni: Civil Economy: Efficiency, Equity, Public Happiness, Oxford [u.a.]: Peter Lang 2007.
- Clark, G: Farewell to alms: A brief economic history of the world, Princeton: Princeton University Press 2008.
- Flyvbjerg, Bent: Making Social Science Matter: Why Social Inquiry Fails and How it Can Succeed Again, 1st ed., Cambridge University Press 2001.
- Galbraith, Craig S. and Oliver, III, Ph.D. Galbraith: The Benedictine Rule of Leadership: Classic Management Secrets You Can Use Today, Adams Media Corporation 2004.
- de George, Richard T.: "Theological ethics and business ethics," *Journal of Business Ethics* 5/6 (1986), pp. 421-432.
- Ghoshal, Sumatra: "Bad Management Theories are Destroying Good Management Practices," *Academy of management Learning &*

- Education* 4/1 (2005), pp. 75–91.
- Grassl, Wolfgang: “Aquinas on management and its development,” *Journal of Management Development* 29/7 (2010), pp. 706-715.
- Grassl, Wolfgang and André Habisch: “Economics and Ethics: Towards a New Humanistic Synthesis,” *Journal of Business Ethics* (2011).
- Jensen, Michael C and William H Meckling: “Theory of the firm: Managerial behavior, agency cost and ownership structure,” *Journal of Financial Economics* 3/4 (1976), pp. 305–360.
- Kaufhold, K.H.: “Wirtschaft und Gesellschaft in Deutschland seit der Industrialisierung (1800-1963),” in: Rauscher, Anthon: *Soziale und Politische Katholizismus: Entwicklungslinien in Deutschland (1800-1963)*, vol. II, München, Wien: Olzog 1981, pp. 9-51.
- Krueger, David A.: “The religious nature of practical reason: A way into the debate,” *Journal of Business Ethics* 5/6 (1986), pp. 511-519.
- Löhr, W (ed.): *Die Fabrikordnung der Firma F. Brandts zu Mönchengladbach*. Unveränderte Nachdruck der Ausgabe von 1885, Mönchengaldbach: Stadtarchiv Mönchengaldbach 1974.
- Löhr, W: “Franz Brandts (1834-1914),” in: Aretz, J., Rudolf Morsey and Anthon Rauscher (eds.): *Zeitgeschichte in Lebensbildern. Aus dem deutschen Katholizismus des 19. und 20. Jahrhunderts*, vol. 3, Mainz: Matthias-Grünwald 1979, pp. 91-105.
- Maxwell, Nicholas: *From Knowledge to Wisdom. A Revolution in the Aims and the Methods of Science*, Oxford, United Kingdom: Basil Blackwell 1984.
- Mockenhaupt, Heinrich: “Heinrich Brauns (1868-1939),” in: Morsey, Rudolf (ed.): *Zeitgeschichte in Lebensbildern. Aus dem deutschen Katholizismus des 20. Jahrhunderts*, vol. 1, Mainz: Matthias-Grünwald 1973, pp. 148-159.
- Müller, D. H., D. Dowe and Schneider, M.: *Arbeiter-katholizismus-Staat: Der Volksverein für das katholische Deutschland und die katholischen Arbeiterorganisationen in der Weimarer Republik*, Bonn: Dietz 1996.
- Pfeffer, Jeffrey and Robert I. Sutton: *The Knowing-Doing Gap: How Smart Companies Turn Knowledge into Action*, 1st ed., Harvard Business School Press 2000.
- Pius XII: “Address to the International Conference of Social Studies” (1950).
- : *Enciclical Letter Il Fermo Proposito on Catholic Action in Italy*, Vatican City: Libreria Editrice Vaticana 1905.
- Pruzan, Peter et al.: *Leading with Wisdom: Spiritual-Based Leadership in Business*, Sheefield, UK: Greenleaf 2007.
- Puppeke, L: *Sozialpolitik und Soziale Anschauungen Frühindustrieller*

- Unternehmer in Rheinland-Westfalen, Köln: Rheinisch-Westfälischen Wirtschaftsarchiv zu Köln 1966.
- Ritter, E.: Die katholisch-soziale Bewegung Deutschlands im Neunzehnten Jahrhundert und der Volksverein, Köln: J. P. Bachem 1954.
- Roca, Esther: "Introducing Practical Wisdom in Business Schools," *Journal of Business Ethics* 82/3 (2007), pp. 607-620.
- Rost, Katja et al.: "The corporate governance of Benedictine abbeys: What can stock corporations learn from monasteries?," *Journal of Management History* 16/1 (2010), pp. 90-115.
- Schumpeter, Joseph A.: Essays: On Entrepreneurs, Innovations, Business Cycles, and the Evolution of Capitalism, Transaction Publishers 1989.
- Spieker, Manfred: "Labor, Property and Co-Determination: Guidelines of the Christian Social Teaching and Experiences in Germany," St. Thomas University 2001.
- Statler, Matt and Karin Oppegaard: "Practical Wisdom: Integrating Ethics and Effectiveness in Organizations," *Business Ethics as Practice: Representation, Reflexivity and Performance*, Cheltenham: Edward Elgar 2007, pp. 169-189.
- Stegmann, F.-J. and Peter Langhorst: "Geschichte der Sozialen Ideen im deutschen Katholizismus," in: Euchner, Walter et al. (eds.): *Geschichte der sozialen Ideen in Deutschland: Sozialismus - katholische Soziallehre - protestantische Sozialethik ; ein Handbuch*, Wiesbaden: VS Verl. für Sozialwiss. 2005, pp. 559-866.
- Thomas, Aquinas: *Summa Theologiae*.
- Todeschini, Giacomo: *Ricchezza francescana: dalla povertà volontaria alla società di mercato*, Bologna: Il Mulino 2004.
- Toulmin, Stephen: *Return to reason*, Cambridge, (Massachusetts), London (United Kingdom): Harvard University Press 2001.
- Tredget, Dermot Alan: "Practical wisdom and the Rule of Benedict," *Journal of Management Development* 29/7 (2010), pp. 716-723.
- Waldecker, Christoph: "Brandts, Franz," *Biographisch-Bibliographisches Kirchenlexikon*, vol. XXIII, Nordhausen: Traugott Bautz 2004, pp. 166-173.
- Wolf, Notker: "Alter Wein in neuen Schläuche. Moderne Führungsverantwortung auf der Basis der regel Benedickts von nursia. Moralische Werte un der globalen www-Welt," in: Meier, Uto and Bernhard Sill (eds.): *Führung. Macht. Sinn. Ethos und Ethik für Entscheider in Wirtschaft, Gesellschaft und Kirche*, Regensburg: Friedrich Pustet 2010, pp. 379-393.