The wise society: beyond the knowledge economy

Miguel Goede

Abstract
Purpose – The purpose of this paper is to explore beyond the knowledge economy and venture into the wise society.
Design/methodology/approach – The paper is a review of existing publications and original thinking.
Findings – The word is at the dawn of the wise society. Science and universities have a crucial role to play on the path towards such a society.
Originality/value – The paper contributes to the understanding and the development from knowledge to wisdom.
Keywords Knowledge management, Social responsibility
Paper type Conceptual paper

Introduction
There seems to be a consensus among scholars and practitioners that we are living in the era that can be described as the knowledge economy. But beyond the knowledge economy lies the wise society (Matthews, 1998). The world is longing for knowledge and wisdom (Zeleny, 2006, p. 751). Despite this craving very little attention has been focused on wisdom (Rowley, 2006), in spite of the plea from Nicholas Maxwell in his 1984 book, “From knowledge to wisdom, a revolution in the aim and method science”, to move from knowledge-inquiry to wisdom-inquiry (Iredale, 2007; Maxwell, 2007). In this paper I argue that the Wise Society is the next development and that the concept is related to concepts like sustainable development and corporate social responsibility. The Millennium Development Goals (MDG) (www.undp.org/mdg/basics.shtml) of the United Nations and UNESCO are the expression of wisdom. The wise society is composed by wise people and wise organizations.

After this introduction wisdom is defined, followed by the literature review. Next the transition from knowledge economy to the wise society is explored, reflecting on the dynamics towards wisdom, and especially the role of science and the university, leading to analysis and concluding remarks.

Definition of wisdom
What is “wisdom”? A wise person weighs the knowns and the unknowns, resists overwhelming emotion while maintaining interest, and carefully chooses when and where to take action (Matthews, 1998). Wisdom is “to choose one’s behavior based on knowledge and shared values, in order to enhance the well-being of all and awareness that personal action has social consequences” (Blasi, 2006). Rowley (2006) refers to Ostenfeld to define wisdom: the ability to make right use of knowledge, or the capacity to judge rightly in matters related to life and conduct. In other words, wisdom is closely related to ethics.
Therefore we conclude that wisdom is the application of knowledge balancing self-interest and the interest of others. Wisdom can be found on three levels of analysis: the individual, the organization, and society. Wise individuals are required to create wise organizations, and wise individuals and organizations are needed to create a wise society.

In the area of knowledge wisdom is lost in knowledge (Rowley, 2006; Maxwell, 2007). Knowledge refers to “know how” and wisdom refers to “know why”. In ’t Veld (2005, 2006) argues that governance codes are a prosthesis for virtues. By implementing codes wisdom is lost; people just comply (know how) and wisdom (know why) is lost.

**Individual level**

According to de Vrijer, wisdom seems to be the balancing act between “Me” and “We” (Van Rijn, 2008). De Vrijer refers to Adams Smiths’ *The Theory of Moral Sentiment* (Heilbroner, 1987, pp. 57-147). De Vrijer also states that wisdom is processed suffered pain. A wise man is a man who has suffered. The late Dr MacDonald Kibbelaar of Curacao once said that the rose trimmed at an early age will blossom beautifully later on. A second statement of Kibbelaar on wisdom is the following:

> A young and an old bull were on the top of a hill overlooking a valley full of cows. The young bull said: “Let us run down this hill and make a conquest of the first cow we encounter”. The old bull answered: “We will descend at ease from this hill and make a conquest of them all”.

**Organizational level**

The wise organization is a green organization that manages a triple bottom-line: people, planet and profit. Broadly speaking, the social responsibility of businesses may cover the following principles:

- maintaining a high standard of business ethics;
- working as part of the community;
- protecting the environment;
- providing good corporate governance; and
- engaging in fair trade and business practices, as well as fair workplace relations (www.goodcorporatecitizen.com/meaning.html, accessed on 23 December 2009).

**Society level**

A wise society aims at sustainable development, seeking balance between social (people), environment (planet) and economic (profit). The MDG are the application of the triple bottom-line at the national and global level (see Figure 1).

**Literature review/conceptual framework**

The word “philosophy” means “love for wisdom” (Ross, 2004). In the literature on wisdom, reference is made to Socrates (469-399 BCE), Plato (429-347 BCE) and Aristotle (384-322 BCE), Augustine (AD 354-430), Thomas Aquinas (AD 1225-1274), Descartes (AD 1596-1650), Giambattista Vico (1668-1744), and John Henry Newman (AD 1801-1890). Also reference is made to ancient insights from China’s “I Ching” (450-350 BCE) and Islam’s Avicenna (AD 980-1037). “I Ching” refers to perspicacity, leadership and wise decision making. Avicenna developed a view of knowledge that is centered on wisdom. There is a no fundamental difference in how the West and East perceive wisdom. Confucius states that there are three paths to wisdom: experience, imitation and reflection. Buddhism states that a wise man distinguishes carefully between right and wrong (Rooney and McKenna, 2005). The future of global business will mix Eastern and Western wisdom, says Matthews (1998), referring to Nonaka and Takeuchi.
Wisdom cannot reside in human insight alone; wisdom is a gift from God. This is also stated by Deane-Drummond (2007) referring to Newman: “God is the fount of wisdom”. Case and Gosling (2007) state that management is a spiritual practice. Management is constantly frustrated by causes and effects beyond one’s control. Aristotle agrees with their godly wisdom. Aristotle distinguishes between the wisdom of God and practical wisdom. He focuses his study of wisdom on practical wisdom. This distinction was adapted and adopted into the monotheistic religions (Ross, 2004). Aristotle states that one should live according to moral virtues. A fully developed person also requires intellectual virtues such as wisdom, intelligence and prudence. Aquinas continues this development of thought with the distinction between wisdom and practical wisdom (prudencia). Practical wisdom is oriented toward the good. “Our view of wisdom is secular because worldly wisdom must be based on sound knowledge, must be reasonable and balanced, must be ethical, and must result from humane experience and understanding” (Rooney and McKenna, 2005, p. 208). In Cartesian rationalism the deeper meaning of the practical wisdom of Aristotle was lost.

Vico, inspired by Aristotle, distinguishes four intellectual types: savant, fool, ignoramus, wise person (sage). The savant approaches ethics as if it is manual. The fool approaches ethics mindlessly. The ignoramus approaches ethical matters from a position of ignorance. A wise person aims for eternal truth. The wise person has practical theoretical knowledge. Vico reacted to the “new science”, Cartesian rationalism, with its disregards of Aristotle, and total faith in experiment and demonstration. In the knowledge economy the savant and the ignoramus rule. But the time has come for a humanism that avoids the extremes of positivist pseudo-science (Rooney and McKenna, 2005).

Recent literature

After studying the more recent literature, the following framework emerges. Civilization moves from dealing with data (knowing-noting) towards wisdom and beyond (know-why) in a spiral movement, starting again at data on the next level (see Figure 2).

An alternative model is a journey from data to enlightenment, as a final stage (Table I).

Wisdom (practical wisdom) does not only reside within an individual. Different authors discuss wisdom on different levels: individual, organizational and society (see Table II).

Reflecting on literature review

Wisdom is action that not only benefits the individual himself or herself, but the common good in the long run (Yang, 2008). Organizations can be informed and knowledgeable, but in the global era they must become wise. It is about efficiency, effectiveness, explicable ethics (Zeleny, 2006, p. 752).
Wisdom and society remind us of Plato. "In The Republic Plato ponders the likelihood of persuading philosophers to become kings or of developing kings into philosophers. Neither is likely, yet the possibility of such a happy coincidence remains a powerful aspiration of management development and education" (Case and Gosling, 2007).

From the knowledge economy to the wise society

There has been a lot of discussion about how to label the post-industrial age. The post-industrial society is associated with many concepts: globalization, the new economy, the information economy, the knowledge economy, the weightless economy (Coy, 2000;

The information economy (1970 to 1995) is characterized by high levels of investment in analytical power to process data and information more quickly. In the information age, jobs require more brain power than muscle power (Bolkin, 1999).

The knowledge economy (1995 to date) is characterized by connecting power to share data and information faster and further. Technology enables us to tap into each other’s creativity. The knowledge economy is the result of bringing together powerful computers and well-educated minds to create wealth. Technology enables people to work 24/7. Work and personal lives merge. Work without being personally present is possible (Kamberg, 2007). Kamberg states that we are moving to the conceptual age where employees are the source of creativity that will make the difference competing in the marketplace. This makes employees a major asset (Bolkin, 1999; Handy, 1996, p. 201).

In the creative economy the creative class will bring their country to great economic growth. Countries and cities compete to attract this creative class. Cities that attract this class are characterized by talent, technology and tolerance (Florida, 2002, 2007; Hospers and van Dam, 2006; del Carrol, 2005):

At the heart of such an effort is recognition of the vital roles that art and culture play in enhancing economic development and, ultimately, divining a “creative community” – a community that exploits the vital linkages among art, culture and commerce. Communities that consciously invest in these broader human and financial resources are at the very forefront in preparing their citizens to meet the challenges of rapidly evolving, and now global, knowledge-based economy and society (Eger, 2006, p. 18).

Society has evolved from the pre-agriculture society, to the agriculture society, industrial society, information society, and now the knowledge society – hunter, agriculturalist, industrialist, information/knowledge worker, sage. In this article it is argued that the next development stage will be the Wise Society (Covey, 2004, p. 13; Blasi, 2006, p. 403).

Rooney and McKenna (2005) state that wisdom is a necessary component of knowledge-based economies and that it should not be subordinated to the narrow imperatives of technological development within the socio-economic context of technocratic capitalism (see Table III).

Not all societies are the same. As Max Weber already stated, there is not one type of society. He distinguishes the charismatic, the traditional and the rational-legal society (Meuleman, 2008). Spiral Dynamics distinguishes six types of society. These six are presented in Table IV. Green is the wise society in which there is a balance between “Me” and “We”.

### Dynamics towards wisdom

**Why must we move from knowledge to wisdom?**

According to Deane-Drummond (1999) technology will continually increase possibilities. The world is becoming too complex: . . . democracy seems to have been, up to now, the best

<table>
<thead>
<tr>
<th>Table III</th>
<th>Towards the wisdom society</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year</td>
<td>Society</td>
</tr>
<tr>
<td>2.5m years - 6,000 years ago</td>
<td>Pre-agriculture/Hunter</td>
</tr>
<tr>
<td>6,000 years ago - AD 1763</td>
<td>Agricultural age</td>
</tr>
<tr>
<td>1763-1790</td>
<td>Industrial age</td>
</tr>
<tr>
<td>1995-today</td>
<td>Creative economy</td>
</tr>
<tr>
<td></td>
<td>Wise society</td>
</tr>
</tbody>
</table>
way to drive a country forward, but democracy is based on a “conscious consensus” of people, and the growing complexity of the problem to be faced (such as energy, pollution, waste water, and social problems) sometimes need unpopular answers. Therefore in a democratic country, good solutions can be obtained only with increasingly educated and responsible people. Finally, well-educated people are also needed in order to properly manage diversity and intercultural dialogue and to strengthen identity” (Blasi, 2006, p. 403). Deane-Drummond (2007) refers to issues like genetic modification of food, environmental concerns and new reproductive technologies.

How are we moving from knowledge to wisdom?

On the individual level. “There is no easy path to wisdom. There never was, and there probably never will be” (Sternberg, 2001). According to Sternberg we will need to teach learners to balance “Me” and “We”. Reflexivity is the essence of wise practice. It requires knowledge of ethics and values, historical knowledge, cultural knowledge, social knowledge, self-knowledge and communication know-how. All can be related to Aristotle (Rooney and McKenna, 2005).

On the organizational level. A wise company is a green company. The wise company practices corporate social responsibility (Rowley, 2006). A wise organization determines the right behavior and the right behavior determines wisdom in the organization (Matthews, 1998). Some talk about the social business. A social business is a profit-making company driven by a larger mission. The profit-maximization principle is replaced by the social-benefit principle. Several models are possible: stakeholder-owned companies, mission-controlled companies, public-private hybrids (Kelly, 2009). Organizations must increasingly use products and solutions to increase wisdom (Chartered Management Institute, 2008).

According to Ikujiro Nonaka (2006), leadership in wise companies is a dynamic process of synthesizing the vision, ba (shared sense), dialogue, practice, knowledge assets, and the ecosystem of knowledge to create knowledge. At the basis of such leadership is phronesis (practical wisdom). Phronesis (prudence, practical wisdom) is defined as the virtuous habit of making decisions and taking actions that serve the common good – an ability to find a “right answer” in a particular context, deliberate reasoning and improvisation, which synthesizes particulars and universals. It can be acquired only through high quality direct experience. Six abilities that constitute phronesis are:

1. making judgments on goodness;
2. sharing contexts with others to create ba or shared sense;
3. grasping the essence of particular situations/things;
4. reconstructing the particulars into universals using language/concepts/narratives;

<table>
<thead>
<tr>
<th>Table IV</th>
<th>Spiral dynamics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colour</td>
<td>Description</td>
</tr>
<tr>
<td>Beige</td>
<td>Archaic, instinctive, survivalistic, automatic, reflexological “Express instinctively and automatically for biological survival”</td>
</tr>
<tr>
<td>Purple</td>
<td>Animistic, tribalistic, magical, animistic tribal order “Sacrifice self to the wishes of the elders and the ways of the ancestors to placate the spirits”</td>
</tr>
<tr>
<td>Red</td>
<td>Egocentric, exploitative power gods, dominionist “Express self impulsively and without guilt lest one suffers unbearable shame”</td>
</tr>
<tr>
<td>Blue</td>
<td>Absolutistic, obedience, mythical order, purposeful, authoritarian “Sacrifice self now to the one true way and obey rightful authority so as to deserve rewards later”</td>
</tr>
<tr>
<td>Orange</td>
<td>Multiplicistic, achievist, scientific, strategic “Express self calculatedly to achieve what self desires, but so as not to arouse the ire of others”</td>
</tr>
<tr>
<td>Green</td>
<td>Relativistic, personalistic, communitarian, egalitarian “Sacrifice self now, to obtain now, for self and others”</td>
</tr>
</tbody>
</table>

Source: Cowan and Todorovic (2000); Dinan (1999)
5. using any necessary means well to realize concepts for common goodness; and
6. fostering phronesis in others to build a resilient organization.

It all comes down to the triple-bottom line.

On the level of society: Higher education has a critical role to play in the transition towards a knowledge society (Elder, 2009; Blasi, 2006, pp. 404-407). In Europe 50 per cent of each age cohort attend higher education and this number is expected to rise. Europe has moved from elite education to mass education. Universities play a vital role. To fulfill this role autonomy and academic freedom are essential. A critical distance from societal demands must be kept in order to allow for a renewed capacity to “invent” the societies of tomorrow. The structures must be created to make the university a place for free and fundamental research. The challenge is to go beyond the knowledge society. Knowledge is the conscious use of information. In a wise society there is a balance between the scientific and economic dimensions and the creative and spiritual dimensions. Universities must become agoras where interaction between students and professors becomes more consistent and effective. Students should be at the centre of the university’s engagements. Students must become good managers of themselves. These conditions are threatened by mass media and research funding (Blasi, 2006, pp. 404 - 407). Deane-Drummond (2007) refers to John Henry Newman’s writing in the middle of the nineteenth century, to argue that education is not passive reception of knowledge, but a way of life. Universities should not inspire learners to knowledge as a goal but to wisdom.

On the other hand, Hawley states: “The quickest and most effective path to creation of a Wise Society may be via the elderly” (Hawley, 2007). Others state the developing of wisdom is not related to age. Tapscott (2009, p. 282-285) believes that the next generation will play an important role in creating the Wise Society. Probably all three statements are right.

Other observations on the role of science and the university

Science should move from knowledge-inquiry to wisdom-inquiry

There are four elementary rules of reason:
1. Articulate and seek to improve the articulation of the basic problem(s) to be solved.
2. Propose and critically assess alternative possible solutions.
3. When necessary, break up the basic problem to be solved into a number of preliminary, simpler, analogous, subordinate, more specialized problems (to be tackled in accordance with rules (1) and (2)), in an attempt to work gradually toward a solution to the basic problem to be solved.
4. Inter-connect attempts to solve the basic problem and specialized problems, so that basic problem-solving may guide, and be guided by, specialized problem-solving (Maxwell, 2007).

Science has neglected (1) and (4). Wisdom requires all four criteria. Iredale states that:

In contrast to knowledge-inquiry, wisdom-inquiry would give intellectual priority to the personal, and social, problems we encounter in our lives as we strive to realize what is of value, problems of knowledge and technology being intellectually subordinate. In this way, says Maxwell, wisdom-inquiry is better able to help us resolve the global problems described above (Iredale, 2007, p. 121).

This should be achieved in interdisciplinary ways, involving research groups from different institutes and in dialogue with society. Ethics should central to all disciplines of science (Iredale, 2007).

University and spirituality

Deane-Drummond (2007) concludes that the religious dimension has been forgotten in public debate and at the universities, that theological wisdom is important and that it is often omitted from university educational agendas. I prefer the term spirituality:
Universities need to be places that instill in those who study there the love of learning that goes far deeper than simple success at examinations. For the kind of wisdom that is instilled offers skills that are not just “transferable”, but help to foster citizen virtues, those who are able to take active and full responsibility not just in their family life, but in the public sphere as well (Deane-Drummond, 2007, p. 182).

Reflections and concluding remarks

We are moving from a knowledge economy towards a wise society. Is wisdom a linear development that follows after knowledge? Is the old wise Indian in a primitive culture not wise, despite his lack of scientific knowledge? in ‘t Veld (2005) refers to the moral sense of the Indian, living sustainably in harmony with nature, and at the other extreme the Master of the Universe dominating nature. He advocates that we should be more Indian and less Master. Is this a linear development or a circular one? Ironically, in ‘t Veld states that Aristotle was the first to separate men from nature.

Rowley (2006) states that wisdom is related to action based on knowledge and moral values and norms. Wisdom is not just being good, but acting good (Zeleny, 2006). But is wisdom action or is it sometimes the courage not to act? I challenge this notion of wisdom as action. Sometimes it is wise not to act. For example it is wise not to develop the South Pole.

The philosopher king of Plato reminds me of Singapore, because of its autocratic government based on meritocratic values. According to Lee Kuan Yew, the founding father of Singapore, the basic principle for the progress of Singapore is: “Social cohesion through sharing the benefits of progress, equal opportunities for all, and meritocracy, with the best man or woman for the job, especially as leaders in government” (Kuan Yew, 2000, p. 691). On the other hand, Rooney and McKenna (2005) believe that the incorporation of wisdom by government enhances democracy and diminishes technocratic control or autocratic government based on meritocratic values. Van Gunsteren (2007) agrees with them, when he states that democracy is a self-organizing system, based on the principles of the “Wisdom of the Crowds” (James Surowiecki, 2004), and it is superior to autocratic governments. He states, however, that several conditions must be present for self-organization to work: diversity of opinion, independence, decentralization, and aggregation - a system to arrive at collective decisions. But van Gunsteren makes a few additional remarks. Independence should not result in isolation of people and groups, and the self-organization of democracy requires leadership for indirect steering to maintain the conditions for self-organization. This argument is shared by Frissen (2009) who states that democracy requires a political elite, to protect a democratic system from populism. This means that the philosopher king can rule democratically, if his role is to preserve the self-organization of the country.

The above illustrates that the wise society is all about personal governance, good corporate governance and good public governance.

References


Eger, J. (2006), “Building creative; the role of art and culture: a leading authority on information technology argues that cities must nurture the creative potential and community engagements of their citizens”, *The Futurist*, March-April.


in ’t Veld, R. (2006), *Governance als prothese voor deugdzaamheid*, University of the Netherlands Antilles, Curaçao.


About the author
Miguel Goede is Associate Professor in Governance at the University of The Netherlands Antilles and is President of The Association for Public Administration of the Netherlands Antilles and Aruba. Miguel Goede can be contacted at: m.goede@una.an

To purchase reprints of this article please e-mail: reprints@emeraldinsight.com
Or visit our web site for further details: www.emeraldinsight.com/reprints