Piotr Wojciechowski

Philosophical aspects of decision making in the doctrine of Value Based Management

In this article I will describe several philosophical issues, which accompany me in the decision making process in the company that I manage. It is hard to say to what extent these issues are generally recognized by managers, who are not philosophers. Of course, as a philosopher I prefer to consider hypothetical situations and to carry out intellectual experiments, which sometimes may even lead to formulate practical postulates. Making real decisions, although it belongs to my daily duties, is still a task, which is far beyond the limits of my psychological comfort.

The opposition, emphasized in the title, between the theory and the real world, is a very special aspect of almost every discussion I have about management. I am like Socrates in the comedy by Aristophanes: criticized about daydreaming. When my partners in discussion do not like my arguments, they tend to reduce the whole issue to the popular saying: "it may be good in theory, but in the real world...". And although I have dealt with management since 2012 not only theoretically, but also practically, I still encounter such accusations. Let us look at philosophical aspects of decision making in a company managed by values. Maybe by the way we will find out if a philosopher may be a good manager at all?

<center>***</center>

There are many books about management in the market and there are many authors aspiring to be recognized as groundbreaking, revelatory and innovative. They want to attract a reader with original titles like "Management by". And there we are: management by communication, by conflict, by control, by culture, by delegation, by

exceptions, by innovation, by motivation, by objectives, by organizational culture, by participation, by process, by projects, by quality, by results, by statistics, by the numbers, by values, and even management by walking around. Of course the list is not complete and there will be many volunteers to add more to it.

What we see here is a number of doctrines, which are more or less arranged groups of viewpoints on management, which may be subject to scientific research, but do not exist independently as disciplines of science. In my opinion it is a very important distinction, which lets us understand the distance between the knowledge of management and the management itself. Because if managers reach to sources, they generally do it in the sphere of a given doctrine. They normally prefer practical hints than a scientific analysis of guidelines. It is worth to note by the way that just like with philosophical doctrines, it is hard to judge if any of these concepts are true. To a large extent it is more an issue of individual inclinations and education than strong empirical results. Simultaneously (just like in philosophy again) the authors of these concepts seem to be absolutely sure that they are right and that their arguments are final and absolute. However, we should not be surprised that in the world of management doctrines there are no doubts, since managers are evaluated for the results of their decisions not for the process, which leads to their final decisions.

It is not my intention to suggest that there are no good books about management. There are! I even think that there are authors, whose books may be recommended without second thought. One of them is definitely Peter Drucker, whose „Management Cases" I have read many times. This book, which is in fact only a list of examples accompanied by laconic questions like "how do you think, why has this happened?", seems not to suggest any conclusions to the reader. Of course, one might reach for "Management" and find out what the author thinks about it, but it is much more interesting to look for answers without any help. I wish to emphasize here that independence is one of the most important virtues of a manager.

From a philosopher's point of view I see that the analysis of cases described in the Drucker's book shows the great significance of a selection of facts for analysis and how many aspects may be taken into account. A minimum change in the description of a case may influence considerably the evaluation of facts. Therefore a philosopher should not be able to answer Drucker's questions unambiguously. He should be able, taking into account the significance of what has not been said, to give many equally important answers to these questions. Which answer is good - we do not know and - what is important - we will never know. It is the value, which philosophy brings to the manager's work: awareness that there are other, equivalent solutions, and the one that we have chosen, is only one of them.

***

A popular image of a manager, as a person, who is not only able to take a decision, but also stable and assertive, a strong and dynamic person, is against the common image of a philosopher lost in his thoughts and multiplying problems. In stereotypical thinking, a manager knows the answers and is able to act, whereas a philosopher only asks questions and avoids action. If we were to believe this, a philosopher absolutely should not be a manager and considering philosophical aspects of managerial work makes no sense.

Things stop being so obvious, when we look closer at the concept of Value Based Management. Naturally, I will not claim that this very doctrine is in any aspect more true than other ones. Probably it is not. However, VBM, thanks to considering the problem of values as the main issue, paradoxically favors professional philosophers, because the key competences, which allow to implement this doctrine, are the skills learned at basic courses of philosophy. They are, among others: skills of defining problems, deriving detailed guidelines from general rules and exclude general rules in particular cases. Philosophers, at least the ones I know, are also able to develop the spectre of solutions sensibly and find new ones, which means they are very innovative. Naturally, these are not competences, which are reserved only for

philosophers, however, people after a course of philosophy of politics or ethics will understand the nature of the model.

***

We have already said that Value Based Management is a management doctrine, which means that it aims to be a system of knowledge, which enables effective action. Effectiveness of actions is the thing that we expect from a good manager. It should be remembered when a discussion about values inevitably approaches the issue of corporate social responsibility.

A special feature of the VBM doctrine is the long term based aim. It may be said that VBM is a concept for organizations, which value a long term success over a fast profit. Probably this is the source of a common belief that VBM is a concept, which is the same as CSR and the whole range of altruism, kindness and philanthropy. It should be emphasized that the completion of the VBM doctrine does not mean the need to engage in rescuing dolphins and tropical forests. On the contrary, we can imagine a company, which will owe its long term success to a maximization of some value, irrespective of social or ecological costs, if it believes that this value should be the core of its actions and if it makes enough people believe that such a value is worth affirmation. VBM is a perfect example of a model of criminal groups, if we imagine that their core values include brutal power, ruthlessness and subordination of state authorities.

From the philosophical point of view it is important that there are no objectively right values here. Their selection is normally made at the very start of activity, by the founders or an enterprise or people, who build its structures. Some researchers claim that it is possible to separate a closed and not necessarily big number of values specific for successful organizations. However, it should be remembered that assuming a given number of values is not enough to reach a success.

The real power of VBM is the postulate of cohesion and consequence. A manager does not have to care about the truthfulness of the system, or the objective correctness of the system of values assumed by the enterprise. An ideal functioning of such an enterprise would be ensured by an absolute acceptance of rules by all employees. The correctness of actions and decisions is determined by the cohesion with assumed values, even if there is a conflict with the outside world.

Following the above way of thinking, we should note that a virtue may appear to be a vice, if stimuli from the outside world are rejected because of the cohesion. An orthodox based approach to the doctrine assumes rejection of everything, which does not belong to the system of values and conversion or dismissal or every employee, who does not accept the values. It would not only be a logical approach, but also it would correspond to our experience of religious communities. A question arises: do we want to make a company similar to a religious community?

Fidelity to a strict system of values may cause problems, even if we are open to outside stimuli. The last two decades have been marked with a sudden technological and communication revolution. Many companies have existed so long that in their life cycles there have been changes, which do not fit to the system of values described years ago. It gives rise to a question: should these companies remain faithful to the original values, or should they adjust them to the changing conditions?

***

The main values constitute a foundation for the whole structure of an enterprise and their revision is very difficult and expensive. That is why values should be formulated very carefully. Precision and freedom of interpretation should be balanced, because the interpretation of values occurs in fact every time in the stage of implementation, which is the reasoning of a given action. Putting it in other words, values should be the basis of a decision.

By the way, philosophy has a rich experience in formulating interesting guidelines, which are to constitute universal frameworks of action. Let us take a challenge by Kant: „Handle nur nach derjenigen Maxime, durch die du zugleich wollen kannst, dass sie ein allgemeines Gesetz werde". From a business perspective, the rule is too general to specify what a given enterprise may offer in the market as a competitor. However, using it as a tool to examine the method of action or a part of a training makes more sense. The implementation of the main values is on every level of an enterprise and in the ideal world every employee should be able to apply the general rules to a case, which he is actually dealing with. To simplify, the thing is that every employee, who knows and understands the main values, will behave just as his boss and it should be the expected behaviour.

As I have already mentioned, in my opinion the revision of values should be exceptionally careful and I would rather suggest to make an attempt of a new reading of values so that they are continued and to adjust actions to new conditions with respect to the old traditions of a company. This approach may not fit certain values and certain products. To put it in general, the need to verify the main values is especially important for the companies, whose products do not meet the needs of the market, stop being attractive for employees or lose in competition with other enterprises. To sum up, the revision of the main values most often occurs at crisis, when further functioning of the company is at risk.

How is this possible then, that the main values, which are to be stable and serve as a lighthouse in the dark, undergo changes? Does a revision of the main values mean abandoning the existing world and creating a new one? Finally, are the decisions, which we used to be evaluated as correct, still good, since we change the system of values, based on which they were taken?

***

Making decisions in the VBM environment assumes constant remembering, or even a permanent awareness of the main values. The values are not mostly formulated as

commandments, as in case of catholicism for example, but they often needs commentators as well.   A more experienced colleague, a manager or an older employee may be the commentator of the main values and in particular cases a charismatic, or even a mythical leader associated with the values, like for example Steve Jobs. However it should be remembered that creating a company mythology is not the necessary part of VBM, only a medium of content, a tale with a moral, where black and white characters are definitely good or definitely bad.

In terms of effectiveness, the experience of a community is more important from the tale. We can make an indirect comparison to the concept of a community of practices by Alasdair MacIntyre. In the opinion of MacIntyre there are certain inner goods, which are possible to achieve only in participation in the community of practices. The community itself is created around specific values. And so inner virtues in a political community of MacIntyre are not measures to reach an aim; the same situation occurs with caring about company values, which becomes a virtue, which is not a measure, but the aim itself.

This model may be better illustrated on an example of a law firm that I manage. We have built procedures to eliminate typical errors around the main value, which is quality. We have agreed that we want to offer a high quality product. Quality is the value, which a the company competes with in the market. However competition in the market is not the aim, which organizes work. This aim is provision of high quality services. Clients often do not really care about the process of the service, but they even declare that they do not care much about high quality either. However, works inside the company are not arranged based on external needs of clients, but by the inner need of a team, which is the creation of a high quality service. Team members not only are subject to procedures, which help to maintain quality, but they also actively look for methods of improvement. In our team there are only people, who feel the inner need to experience such work, which we think is appropriate.

From the so called market perspective, namely the financial effectiveness of the enterprise, relying on a service quality makes sense only when there is a market demand for high quality products. Demand is shaped to a large extent by fashion, also in case of professional services. In the Polish market, at the turn of the century there was a trend to use the services of giant, possibly international corporations. Afterwards there was a trend for so called boutique law firms, namely small law companies offering a narrow range of services, but high quality. At the moment there is time for law firms, which provide services via the Internet and provide fast and cheap services of a very wide range thanks to a huge number of subcontractors.

None of these trends has influenced considerably the service we offer and our financial effectiveness seems not to confirm or contradict any of the dominant trends, but it lives its own life. We offer high quality services, because we believe that it is worth to offer high quality services and all decisions that we make in the company are subject to this strategy. This reflection seems to be a very good description of VBM: we do not know, if the doctrine gives us a better market position, but we know that thanks to the inner cohesion, we work together more easily and a satisfaction from work depends almost completely on our efforts, not the outside factors.

Summing up, it should be noticed first of all that from the philosophical point of view there are no objectively correct decisions in the VBM model; there are only decisions, which are coherent with the system. Therefore a decision is correct, if it is possible to justify reasonably with reference to the main values.

Second, accounting for the need to change the method of acting in response to changing surrounding, decisions may be correct in a given moment, but not permanently. Manager is obliged to act in good faith and with his best knowledge, however he should not be expected to make a decision, which will be evaluated as correct in the future.

Third, it is not sure, if decisions, which are coherent with VBM, but seem to be in conflict with dominating trends, are commendable features of care about tradition, advancing of future trends or a result of an incorrect evaluation of the reality around.

© Piotr Wojciechowski 2017

Email: p.wojciechowski@philosophicalcounseling.pl