

September 9th, 2008

# Research Project / Management as a Liberal Art / The Virtue of Profit

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Peter F. Drucker

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## MEMO

DATE: September 10, 2008

TO: Chad

FROM:

RE: Research Project / Management as a Liberal Art / The Virtue of Profit

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Chad:

I am providing you with a series of reading materials on the above subjects. Included in the materials are some brief essays by Peter Drucker and a hand written note from Peter Drucker to me dated January 18, 1999. Also included is a summary I prepared on the subject of Management as a Liberal Art drawing from the various writings of Drucker. Somewhat related to this subject is Profit as a Virtue. There is a chapter on that subject in my book, *Serving Two Masters? Reflections on God and Profit*.

The fundamental issue that management as a liberal art raises is "the question of God". One of the challenges for Christians in a secular, pluralistic world is how to engage others who do not believe the way they do, but who need to consider "the question of God" – is there a God? If so, who is he and how do you know about him? And can you develop a relationship with him? Where have you come from and where are you going?

It's important for business people who are Christians to know how to raise this question of God in the marketplace. Since Peter Drucker is recognized as the "Father of Modern Day Management" his writings have credibility in the secular world and I would like to expand on his concept of understanding the human condition to include a recognition that person's humanity has a "spiritual dimension" and thus we have to deal with "the question of God".

Included in the readings is a speech I plan to give in Washington DC next Tuesday on "The Virtue of Profit". The audience will be a group of business people from New York and Washington DC. As you read this speech, notice how I have included the concept of management as a liberal art in the understanding of "God's economy of surplus".

Now, on to the focus of your research, after reading all these materials, I would like you to tackle the job of finding other secular sources that comment on the nature of the human condition and recognize that it has a spiritual dimension.

We can talk about this after I get back from California in the event that you have any questions.

Grandpa

PS: Also enclosed, is a book by Dr. Armand Nicholi entitled, *The Question of God*. Dr. Nicholi is a good friend of mine and he has been a professor at the Harvard Medical School for over 30

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years. As a Christian, he had the challenge of raising "the question of God" in a secular classroom at a university that was generally antagonistic to anything relating to God. This book is about how he did that as he compared the world views of Sigmund Freud and C. S. Lewis. He may be a role model for how I can also accomplish raising "the question of God" in another context.

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## **Management as a Liberal Art**

Peter Drucker has suggested that over the last 100 years, management has transformed the social and economic fabric of the world's developed countries and has contributed to the creation of a global economy. He considered the development of management as a discipline to be one of his most important contributions.

As a discipline, management has allowed us to convert knowledge into a capital resource. As a discipline, it has involved the understanding and development of various organizational structures, procedures, methods, and systems as part of getting the right things done through the combined effort of people with a diversity of knowledge, skills, talents, race, and gender.

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Drucker has reminded us; however, that as a discipline, management is also a liberal art. Its object is a human community and it always must deal with the understanding and development of the human condition, including its spiritual dimension and the reality that people can do good or evil, and right or wrong.

As management focuses on results, it also involves people outside the organization, the people served by the enterprise – a satisfied customer of a business firm, a healed patient of a hospital, and a knowledgeable student of a school.

The discipline of management as a liberal art is about the development of the whole person (not just a pair of hands). It's about developing skills and talents, but also people's character, integrity, a spirit of giving back and putting the interests of others ahead of their own interest. It's about treating people as the subject of work, not just the object of work. It's about understanding who people

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are and why they work, not just what they do and how they do it. It's about the development of human capital as a resource and product of the firm.

Drucker concluded that, to be effective, a manager must be able to draw upon the knowledge and insights of the humanities and social sciences of psychology, philosophy, economics, history, ethics and spiritual values. He recognized that people are not just biological and physiological beings, but are also spiritual beings who are created and exist for the purposes of their Creator and are subject to Him.

I suggest that the practice of management as a liberal art raises the question of God and the need for a person's response to that question. It does not, nor should it, demand a uniform or corporate response. But it does require an individual response and understanding of one's source of authority for determining moral behavior and a purpose and meaning for work and for life.

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In Drucker's words, our human nature is "imperfect, weak, a sinner, and dust destined unto dust; yet made in God's image and responsible for our actions."

C.S. Lewis referred to an added dimension of the human condition when he said, "There are no ordinary people. You have never met a mere mortal. Nations, cultures, arts, civilizations – they are mortal and their life is to ours as the life of a gnat, but it is immortals whom we joke with, work with, marry, snub and exploit."

This concept of immortality combined with the reality that most people will spend most of their waking hours in the work environment adds to the importance of understanding and applying management as a liberal art and a recognition that there is a responsibility to develop the whole person, including who they are becoming.

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The practice of management as a liberal art also requires moral leadership of the firm.

Leadership that is transparent and is willing to serve and lead by example.

Leadership that has a moral compass and source for truth and moral authority.

Leadership that recognizes that it is not so much about the leader or what the leader wants in title or position; but, it is more about the people who follow and the direction they are being led. As one looks at leadership in this way, it is imperative for the leader to know what he or she believes and why they believe it, to know where they are headed and why it is important for people to follow. To be an example in their private and public life for the practice of right behavior. To be always willing to walk in the shoes of those they lead. To recognize as Drucker has said that "Leadership is just a means, to what end is the real question".



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Can the business firm of the 21<sup>st</sup> Century make money, serve customers, create value for its shareholders and become a moral community to help develop human character? A community that is focused on the dignity and worth of every person? A community with a soul?

Can people find a sense of purpose or meaning in their work, a sense of discipline and commitment to truth, develop a strong ethic that extends to the care and service of others, a sense of community and willingness to give back and practice charity, to face and answer the question of God as part of determining how they will live, work and treat others?

As we mix the skills and talents of people at work and work becomes a place where we attempt to accomplish certain social goals as we correct imbalances in the mix of opportunity, culture, race and gender, can we also be about the process of developing the whole person and nurture their character and

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spiritual development? Why isn't this also part of the social responsibility of the firm, what Drucker has called the social function of management?

Is management being taught as a liberal art? Are there best case examples of where it is so taught? Should management as a liberal art be an essential component of an MBA curriculum? Is it only applicable for institutions of higher learning that have a "religious" orientation? Are there business models that can be examined to determine the appropriateness and effective application of this principle? Was ServiceMaster such a model? How does leadership or the tone from the top influence the effective application of the principle?

Should one invest time and money in the further study, research, development and promotion of the principle?

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January 18, 1999

What do I consider my most important Contributions?

- That I early on— almost sixty years ago— realized that MANAGEMENT has become the constitutive organ and function of the Society of Organizations;
- That MANAGEMENT is not "Business Management" though it first attracted attention in business— but the governing organ of ALL institutions of Modern Society;
- That I established the study of MANAGEMENT as a DISCIPLINE in its own right;

and

- That I focused this discipline on People and Power; on Values, Structure and Constitution; AND ABOVE ALL ON RESPONSIBILITIES— that is focused the Discipline of Management on Management as a truly LIBERAL ART.

  
Peter F. Drucker

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## The Nature of Freedom

*Freedom is never a release and always a responsibility.*

Freedom is not fun. It is not the same as individual happiness, nor is it security or peace or progress. It is a responsible choice. Freedom is not so much a right as a duty. Real freedom is not freedom from something; that would be license. It is freedom to choose between doing or not doing something, to act one way or another, to hold one belief or the opposite. It is not "fun" but the heaviest burden laid on man: to decide his own individual conduct as well as the conduct of society and to be responsible for both decisions. The only basis of freedom is the Christian concept of man's nature: imperfect, weak, a sinner, and dust destined into dust; yet made in God's image and responsible for his action.

**ACTION POINT:** List specific goals for your work. Think of goals that will meet your need for personal fulfillment, while also helping your boss meet his or her performance objectives. Sell these goals to your boss and keep the boss informed on your progress.

"The Freedom of Industrial Man," *The Virginia Quarterly Review*

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## Management and Theology

*Management always deals with the nature of Man,  
and with Good and Evil*

Management always lives, works, and practices in and for an institution, which is a human community held together by a bond: the work bond. And precisely because the object of management is a human community held together by the work bond for a common purpose, management always deals with the nature of Man and (as all of us with any practical experience have learned) with Good and Evil, as well. I have learned more theology as a practicing management consultant than when I taught religion.

ACTION POINT: Do you have any colleagues who are truly evil? Is there anything you can do about it?

“Teaching the Work of Management,” *New Management*

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## Management and the Liberal Arts

*Management is a liberal art.*

Management is what tradition used to call a liberal art — “liberal” because it deals with the fundamentals of knowledge, self-knowledge, wisdom, and leadership; “art” because it deals with practice and application. Managers draw upon all of the knowledges and insights of the humanities and social sciences — on psychology and philosophy, on economics and history, on the physical sciences and ethics. But they have to focus this knowledge on effectiveness and results — on healing a sick patient, teaching a student, building a bridge, designing and selling a “user-friendly” software program.

**ACTION POINT:** What is your plan to develop yourself in the humanities and social sciences? Develop such a plan today.

*The New Realities*


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## Spiritual Values

*Only compassion can save – the wordless knowledge of my own responsibility for whatever is being done to the least of God's children.  
This is knowledge of the spirit.*

Society needs a return to spiritual values – not to offset the material but to make it fully productive. However remote its realization for the great mass of mankind, there is today the promise of material abundance or at least of material sufficiency. Mankind needs the return to spiritual values, for it needs compassion. It needs the deep experience that the *Thou* and the *I* are one, which all higher religions share. In an age of terror, of persecution, and of mass murder, such as ours, the hard shell of moral callousness may be necessary to survival. Without it we might yield to paralyzing despair. But moral numbness is also a terrible disease of mind and soul, and a terrible danger. It abets, even if it does not condone, cruelty and persecution. We have learned that the ethical humanitarianism of the nineteenth century cannot prevent man from becoming beast.

The individual needs the return to spiritual values, for he can survive in the present human situation only by reaffirming that man is not just a biological and physiological being but also a spiritual being, that is, creature, and existing for the purposes of his Creator and subject to Him. Only thus can the individual know that the threat of instant physical annihilation of the species does not invalidate his own existence, its meaning, and its responsibility.



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**ACTION POINT:** In the presence of the threat of instant annihilation, how can we maintain meaning and responsibility without spiritual values?

*Landmarks of Tomorrow*