The practical wisdom of Peter Drucker: roots in the Christian tradition

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Abstract
Purpose – Practical wisdom is central to the tremendous success of Peter Drucker as a management thinker. The paper aims to argue that the attractiveness of his writings is mainly due to the underlying Christian value system, which is the basis for the coherence of his thinking, and the reference system for his normative statements and practical wisdom.
Design/methodology/approach – The paper discerns the moral foundations of Peter Drucker’s work by highlighting explicit value statements in his early writings, some even before he turned to management. Against this background, examples are provided of how he translates his values in practical wisdom into dealing with management challenges.
Findings – A major driving force of Drucker’s entire work is seen as the secularization of his religious beliefs. His practical suggestions for modern corporations are deeply influenced by Christian faith. Up to now this has been largely unknown or ignored.
Research limitations/implications – The paper rests on limited text analysis which should be extended in future research. If Drucker’s success may be at least partially attributed to his moral tone, any effort to redeem management and to anchor it as a liberal art can deploy his work.
Originality/value – Dissecting the moral background of the most influential management thinker in the last century the paper reveals that Drucker’s practical wisdom is the result of a deep connection between Christian values and knowledge. It clearly points to an integrated research perspective, and above all it calls for a rigorous inquiry into moral assumptions underlying any writing on management.

Keywords Christianity, Management activities, Social values

Peter Drucker (1909-2005) is the towering figure in twentieth century management literature. No other writer has had such an impact on the practice of management. He is well-known to both scholars and practitioners for his practical wisdom and common sense approach to management as a liberal art.

He published almost 40 books and numerous articles and a number of CEOs all over the world call(ed) themselves his disciples. Drucker spotted major trends, such as the rise of knowledge work, the increasing importance of pension funds and the growing importance of the social sector. At his centennial in 2009, the Harvard Business Review acknowledged that Drucker’s contributions to that journal “spanned 54 years and were, in the aggregate, more influential than those of any other single contributor” (Anon., 2009, p. 63).

His outstanding impact is clearly due to his closeness to the practice of management. His practical wisdom (in the sense of the Aristotelian notion of phronesis) is – often not recognized – deeply rooted in Christian faith. Drucker himself claimed that he primarily added to management thinking “a different starting point. I was
conscious, all along, that business enterprise is creature, organ, and part of the bigger society” (Drucker, 1970, p. 363). From a reader’s perspective there is “all along” this unique, often subtle notion that business also has a purpose that transcends the individualist ethic of self-interest.

The prevailing view with regard to his recipe for success has been put forward by Alan Kantrow. He claimed that “Drucker’s real contribution lies not so much in the cash value of his ideas as in the rigorous activity of mind by which they are formulated. One can learn more – and more deeply – from watching him think than from studying the content of his thought” (Kantrow, 1980, p. 76).

This conclusion is wrong, or at least it is a half-truth. Instead, the dominant property in Druckerian thinking is his constant insistence on societal issues, his prudent moralization of management. As Linkletter and Maciarello note, he developed “a moral framework that permeated his entire body of work” (Linkletter and Maciarello, 2009, p. 335). Drucker escaped any relativism or arbitrary subjectivity because he believed in the Christian faith, where he found a firm base.

In this paper, I will argue that it is more compelling to watch Peter Drucker feel and value than just to watch him think. Only the complementary analysis of intellectual rigor and the motivational-emotional background of values provides the key to Drucker’s practical wisdom.

Practical wisdom comprises both cognitive and emotional components, integrates thinking and feeling. Any separation of intuition, meaning, affect or opinion – or in more general terms: value-laden knowledge – from purely technical knowledge fails to capture the holistic nature of human conduct and performance.

In everyday life values which are ingrained in judgement, intuition or affect are indispensable as they help us to bridge the gap between the known and unknown. Once internalized, they serve as order parameters for coping with situations under unknown conditions or with indeterminate consequences. In a nutshell: Knowing is more than feeling, but often feeling is the only way of knowing (Meynhardt, 2004).

“Feeling” (synonym for emotional-motivational forces) as a psychological reality of value integrates and guides thinking, which in turn leads to and allows for new evaluation. The point is that there is no “correct” judgement external to a value system. Truth is only in value. This fundamental psychological process may reach different levels, ranging from simple prejudice up to deep wisdom as a competency or virtue. As a consequence, practical wisdom differs from purely evidence-based implications; instead it embeds values into knowledge-like experience. It is an integration of intellectual and moral virtue, not to be reduced to one side or the other.

Against this background, we cannot understand Drucker’s influence on management in the twentieth century if we do not engage with the morality fuelling his practical wisdom. Drucker’s beliefs permeate his writings – even themes which seem remote, such as innovation and entrepreneurship, rest upon on it. There is not a single topic covered by him, which is treated in isolation of its relationship with human conduct and its impact on public concern. One example:

[T]he large corporation must offer equal opportunities for advancement. This is simply the traditional demand for justice, a consequence of the Christian concept of human dignity (Drucker, 1946, p. 141f).

When Drucker was asked why he was also turning his attention to management issues in the church, he answered: “As far as I’m concerned, it’s the other way around . . . I became interested in management because of my interest in religion and institutions”
(Steinfels, 2005). He even stated: “[M]anagement was neither my first nor has it been my foremost concern” (Drucker, 2003, p. vii).

Peter Drucker considered himself a “social ecologist’, concerned with man’s man-made environment” (Drucker, 1993, p. 441). Here, again, one of his typical and blunt musts: “Finally, social ecology is not value-free. If it is a science at all, it is a ‘moral science’ – to use an old term that has been out of fashion for two hundred years . . . The social ecologist believes, must believe, in the sanctity of spiritual creation ” (Drucker, 1993, p. 457).

This paper takes that statement seriously. I am not interested in yet another exegetical perspective on formative influences on “the father of modern management” (see for comprehensive works: Beatty, 1998; Schwartz, 1998; Linkletter and Maciarello, 2009; Starbuck, 2009). Instead I will concentrate on what I see as the very essence of his work: his non-compromising urge for moral purpose, deeply rooted in the Christian tradition, and the relationship with practical wisdom as a key virtue for the manager.

The objective of this paper is to show how Drucker’s personal values influenced his scientific work. In the myriad of thoughts of Drucker’s mind there is a visible, but not often seen inner compass of practical wisdom, which this paper aims to dissect. The focus here will be on his very early writings, where the pillars of his moral perspective were erected.

1. Passion for a universal moral law
In his PhD-thesis “The justification of international law and the will of the state” (Drucker, 1932) Drucker’s moral posture is evidenced for the first time. There, the 23-year-old vividly argued for justification of law not just by logics but by morality. He started off by diagnosing the “great dangers” of legal positivism (Drucker, 1932, p. 2), which – according to Drucker – was only concerned with empirical work and not with the necessary preconditions (Drucker, 1932, p. 3). He acknowledged the achievements by Hans Kelsen, a leading theorist of legal positivism at that time, of having brought back logics to legal theory[1]. Notwithstanding he criticized Kelsen for grossly overstating (“hypostating”) the logics of law, i.e. to justify law only by its inner logics (Drucker, 1932, p. 4). Whether or not Drucker interpreted Kelsen correctly, it is instructive to see how Drucker as a young scholar fights against what he feels is Kelsen’s hypostasis of law. The passionate, sometimes even judgemental style of Drucker’s line of argument shows a strong desire to relate human affairs to some metaphysical idea. The 60 pages of his thesis may thus be read as an attempt to demonstrate how others must fail if they neglect an ethical base as “inner truth” (Drucker, 1932, p. 56). Drucker argues for justification of (international) law in meta-law principles in an absolute value system. As a consequence he concludes that only a universal moral law (“Sittengesetz”) can justify validity:

Law does not come into being and does not work, because I want it, but because I want it, it has validity for me. While authoritative working is a property of the law, validity is a property of moral law (Drucker, 1932, p. 57, own translation).

Drucker precisely argues that any law has pre-law assumptions, i.e. rests on value judgements. For him, the legitimate basis can only be an absolute value system, as also developed by theorists of Catholic natural law (Drucker, 1932, p. 57). Interestingly, at this point his inquiry stops. For Drucker the precondition of objective values is not an
object for reflection. Rather, it is a very fundamental and unquestioned belief in universal values, which serves as a guiding principle for his writings to come.

2. Divine order and the need for faith
Only a year later, in 1933, Drucker published a short piece about the conservative state theory. In this work about the ideas of Friedrich Julius Stahl, he found “his” model on how to conceptualize progress and passage in history. Later he would reflect: “It was with the basic tension between continuity and change that my own work began” (Drucker, 1993, p. 442). It is in this very text that we can find the background for Drucker’s self-description late in his life as a “conservative Christian anarchist” (Drucker, 2004, p. 227, own translation). The following reads as an epitome:

Acknowledgement of the passage of history forces a Conservative theory of the state to acknowledge what has come into being, acknowledge development up to the present as valuable and meaningful, as “achievement”. It further compels acknowledgement of change in the future, of what will come into being (Drucker, 1933, p. 56).

Here, we can envision Drucker’s reference system, when later in his management writings he would talk about balancing progress and innovation on the one hand and continuity and preservation on the other. The core of this view – and perhaps the key to Drucker’s religious belief system – is a firm goal for such processes:

That, however, must not happen for the sake of what has come to be nor of what is coming to be, but solely for the sake of a supreme, divine, immutable order removed from man’s perception and not realisable by him, but knowledge of whose existence remains the fundamental experience of the Conservative. What has come to be is worth preserving only to the extent that it conforms to this order and only to that extent can what is coming into being be accepted. Neither what has come to be nor what is coming to be is valuable and meaningful in itself, only the divine order. The sole path for the solution of the task of a Conservative theory of the state is again and again to draw in and integrate the living forces of the age into this order and to legitimate itself through the latter (Drucker, 1933).

My hypothesis is that Drucker’s leitmotif in writing on management is best summarized in the phrase “again and again to draw in and integrate the living forces of the age into this order and to legitimate itself through the latter”. This governing thought was perhaps the major gravitating center of his towering position. Therefore, Drucker would probably argue that there is no (social) contract whatsoever between the corporation and society, since they are simply not autonomous entities. Rather they are – in his later words – interconnected organs, each with their social function to contribute to a “bearable society” (Drucker, 1993, p. 99).

Bertold Freyberg, an old friend, noted: “What impressed Drucker was Stahl’s belief that power must submit to responsibility. This is not a rational process: the acceptance of power as being governed by responsibility touches the roots of our spiritual existence, that is, our faith” (Freyberg, 1970, p. 20f).

The personal will of God is a “bond above them, with the common ruling power, which encompasses everyone everywhere”. This conscious rule over conscious, freely obedient beings who are thereby spiritually unified, a governance of a highly personal, not arbitrary, but necessary character, is the center of Stahl’s theory of the state; it is the idea of a “moral kingdom”, the supreme ethical concept, the universal and absolute human purpose, the goal set by God for a moral world (Drucker, 1933, p. 49).
Those lines written by Peter Drucker on Stahl may – to a large degree – be read as lines by Drucker about Drucker! It is obvious that he greatly identified with Stahl’s theory.

In yet another essay about the existential Christian philosopher Kierkegaard, Peter Drucker clarified for himself how an individual can establish a faithful relationship with God. Very much in line with his work on Stahl and his PhD thesis, he was attracted by the idea that there is always an additional dimension of spirituality. Human existence is conceptualized as an ongoing tension between a spiritual being and a member (citizen) of society. The main point is that this highly personal experience and individual truth of a leap to faith is not just subjective but bound to and guided by a higher principle – God. In his essay “The unfashionable Kierkegaard” (1949)[2], Drucker was obviously so enthusiastic about Kierkegaard’s solution of relating subjective experience with a universal order that he is simply downplaying other approaches in the history of ideas (such as by Hegel or Marx). Nevertheless, Kierkegaard’s philosophy helped Drucker to think through how individual freedom is possible beyond the determination of society:

In faith the individual becomes the universal, ceases to be isolated, becomes meaningful and absolute; hence in faith there is a true ethic. And in faith existence in society becomes meaningful, too, as existence in true charity (Drucker, 1949, p. 437).

If there is a common ground in Drucker’s early writings, it is his conviction of the necessity and possibility of Christian faith. It is the very nature of subjective experience of faith, transcending the material world, which is pivotal for Drucker. Clearly, his interest in management is also an interest in enabling conditions where an individual can reaffirm that she is not just a biological and psychological being, but also a spiritual being or in other words: in finding meaning and responsibility.

3. Getting to business

While still a political scientist, Drucker had his first major success with his book “The end of economic man” (Drucker, 1939). There he analysed totalitarian systems and hypothesized that “the despair of the masses” was the root cause of fascism (Drucker, 1939, p. 22). He saw the loss of faith as detrimental to society and that it would make it susceptible to totalitarian ideas. Notwithstanding the complexity of his general argument, it is immediately visible that Drucker was now applying his religious background to social analysis. In retrospect, he would note that the conclusion was that totalitarianism “was certain to fail” (Drucker, 2003, p. x).

In search of new sources of faith, Drucker took his elaborated moral ideas to sketch a conservative social theory. In his next “most ambitious” book (Drucker, 1942, p. 9) The Future of Industrial Man, he was outlining his personal idea of a “functioning society”, where the individual can balance the tension between different needs.

For Drucker the distinction between community and society made by Ferdinand Toennies very much represented a sociological foundation for the fundamental tension best expressed by Kierkegaard. Drucker projected a “demand for status” to relationships in a community and a “demand for function” to relationships with society. Both are different, yet interrelated forms of belonging, the former concerned with the appreciation of subjectivity and uniqueness, the latter concerned with contributing to a bigger end. In retrospect, Drucker attributed to Toennies’ concepts (or more precisely to Drucker’s interpretation of it[3]) much impact on his own work.
(Drucker, 1942, p. viii) – as can be seen in so much of his writing. The reason for this is obvious:

Status and function of the individual member are requirements of individual and social life. They are verified by all historical experience. They are at the same time value-terms: demands on society flowing from the Christian concept of the nature and destiny of man (Drucker, 1950, p. 151f).

If one seriously takes the leitmotif mentioned of trying “again and again to draw in and integrate the living forces of the age into this order and to legitimate itself through the latter”, it is not surprising that Drucker reflected:

I began to see that management is a new social function and that it is the generic function of this new institution (Drucker, 2003, p. x).

Reading this book as a purely scientific work, one could quibble about his idiosyncratic use of terms, often non-analytical line of argument and unjust treatment of other authors. However, his moral intuition – and more precisely his ideas on the justification of values as a source of legitimacy – allows him to frame issues of the social function of management:

Managerial power today is illegitimate power. It is in no way based upon a fundamental principle accepted by society as a legitimate basis of power (Drucker, 1942, p. 75f).

This reads as a consequent translation of the religious idea that any power has to submit to a higher principle. Another example of how his moral lens helped Drucker to construct this view is his reflection on freedom and responsibility:

The only basis of freedom is the Christian concept of man’s nature: imperfect, weak, a sinner, and dust destined dust; yet made in God’s image and responsibility for his actions (Drucker, 1942, p. 110f).

And further:

[Freedom] is not a supreme goal . . . but an organizing principle . . . It is a faith – a faith in man’s being at the same time a “proud and yet a wretched thing” (Drucker, 1942, p. 123).

Consequently, Drucker must also reject any man-made concept of absolute truth. “[A]ny one ethical principle of power will become an absolutist, i.e. a tyrannical, principle unless checked, controlled, and limited by a competing principle” (Drucker, 1942, p. 134). In a chapter, titled “From Rousseau to Hitler”, he argues:

Absolute reason is by its very nature above and before rational argument. Logical deduction can and must be based upon an absolute reason but can never prove it. If truly religious, an absolute principle is superrational – a true metaphysical principle which gives a valid basis of rational logic (Drucker, 1942, p. 143).

Taken together, his propositions in The Future of Industrial Man provide the interface between his religious and managerial thinking. It marks the last step before he enters the arena of management concepts. In this line of thinking Drucker did not become a management thinker merely by time and circumstance. It appears to be an almost logic step.

In his next, ground-breaking management book Concept of Corporation (Drucker, 1946) he propagates the large business enterprise as a place where community and society meet – ultimately as a new source of faith. Still affected by the second world
In this book Drucker’s morality finally culminated in a fundamental theory of the corporation. With this book, the intellectual and moral pillars were erected and after that Drucker was constantly innovating and playing with new ideas, firmly framed by a conservative Christian value system.

**4. Practical wisdom at work**

Drucker is well-known for his dismissal of business ethics. In his view:

> ... there is only one ethics, one set of rules of morality, one code – that of individual behavior, in which the same rules apply to everyone alike (Drucker, 1981, p. x).

Bearing in mind that power must submit to a higher principle, one can see this primacy of the social at work, when he argues that:

> [f]ree enterprise cannot be justified as being good for business. It can be justified only as being good for society (Drucker, 1973, p. 41).

All his writings on management must be seen against this background of “contribution”. When Drucker then talks about “effectiveness” he is deeply concerned with performance, with releasing potential and highlighting the role of commitment, and above all a responsibility for contribution and self-development.

But when he expounds that the executive is expected “to get the right things done” (Drucker, 1967, p. 1), scholars in a pluralist world are at best puzzled when confronted with such seemingly naïve remedies. The one reason why such statements may even be dismissed by academia is the multitude of competing value systems. The more interesting reason, however, may be in the separation of theory and practice, of value-free science and normative recommendations in current mainstream research. Drucker always favored management as a “moral science”, explicitly not excluding values as noise or pre-mature theory.

In the practical world, his translation from value to wisdom was, and still is, greatly appreciated as useful common sense. And this is where his Christian faith provides the framework to appeal to what is “right”. Drucker’s work can be seen a plea for trusting judgment, when and how to make the exception to every rule, and when to improvise. It is this discretion where wisdom becomes practical as a way of organizing experience, so as to connect both with the goal of a larger principle (the Divine) and to pragmatically define the means to serve such a purpose.

**5.1 Strengthening the strengths**

A case in point is Drucker’s life-long focus on strength rather than weakness. In his memoirs he attributes that perspective to the Jewish philosopher Martin Buber. Without referring obviously to any sound empirical research on how human beings learn and adapt, Drucker poses a major challenge to professional life with a passionate call for “making strengths productive” (Drucker, 1967). He looks for the potential which a person can realize and live up to. Introducing this bigger picture of human nature into professional affairs, seeing not only the individual but the whole person and relating it
to some development idea essentially appeals to morality. It is of course not an analytical insight, but an illuminating piece of practical moral advice on how to deal with the challenge of legitimate leadership.

5.2 Bridging the tensions, allowing for purpose and meaning
Peter Drucker is famous for developing the idea of management by objectives (MBO) in relation to self-control. Since his first treatment of the subject he only varied minor parts of his writings on the subject up to the revised edition of his book Management (Drucker and Maciariello, 2008). The main idea was the search:

... for a principle of management that will give full scope to individual strength and responsibility, and at the same time give common direction of vision and effort, establish team work, and harmonize the goals of the individual with the commonweal (Drucker and Maciariello, 2008, p. 125).

Today it sounds a commonsense idea, a practical wisdom which tries to minimize the detrimental effects of, for example, the specialized work of managers, misdirection by hierarchy and compensation or differences in vision. Drucker’s work on MBO definitely cannot claim to provide technical advice. Rather it wisdomizes his moral convictions of balancing and – where possible – integrating personal needs for autonomy (as elaborated in the Kierkegaard text) with the quest to submit one’s efforts to a higher principle (as elaborated in the Stahl text). MBO “ensures performance by converting objective needs into personal goals. And this is genuine freedom, freedom under the law” (Drucker and Maciariello, 2008, p. 126).

What we can clearly see is how the tension of being a spiritual being and a member of a social entity is productively transformed to the corporate world without sacrificing it for the sake of one side or the other. It is about not reducing a person to just an individual who has to function, but one who also has a need to grow and develop.

Drucker advocates overcoming the split between professional and personal life. Thus MBO is his version on how to correct the excess of alienation in modern organizations in a practical way. MBO, as a means of decentralized organization, is very much about promoting the Christian principle of subsidiarity, i.e. fostering personal responsibility and safeguarding human dignity – the Catholic personalist view.

5. Conclusions
Drucker’s ideas may stand the test of time, because they infuse Christian values into management issues. His unique style of combining existential earnestness with eclectic playfulness of ideas cannot be attributed only to communication skills or intellect. Rather his concepts appeal to morality and more precisely to the virtue of practical wisdom. As he is very aware that any moral tone is never justified on pure human reason, Drucker celebrates the power of experiential knowledge derived from Christian faith.

There is no simple how-to solution for management practice and education. Do more of x and y, or less of z is precisely not what the work of Drucker suggests. Instead, it reminds everyone that management is moral work which builds heavily on practical wisdom. This virtue cannot simply be taught; it must be experienced as a felt need and self-developed over time.

Such timeless everyday wisdom is not about analytical brilliance, but nevertheless as a profound spelling-out of deep faith it is by no means trivial.
Drucker promotes the idea that enhancing the common good and personal development is integral. It is a call to contribute to some larger end (Lenssen, 2009). As his elaborated morality also suggests, such a wisdom must be grounded in a firm value system which allows for creativity, as values serve as order parameters for organizing perception and experience (Meynhardt, 2004). Otherwise any inner compass will be arbitrary. In this sense, Drucker did not just successfully convey just the cash value of ideas, but rather far more: the value of Christian values as a source for practical wisdom in management.

Notes
1. The fundamental assumption of legal positivism is that law is only man-made and there is strong separation between law and morality.
3. Drucker’s use of the terms status and function take advantage of Toennies’ ideas only in very specific way, and often even in an ambiguous fashion. See for a general introduction for “Community and Society” Merz-Benz (1995), and for a treatment in relation to management (Meynhardt, 2010).

References


Further reading


About the author

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