Why Risk Cultures Need Prudence (2016)
A Centre for Risk Research discussion document
About the Centre for Risk Research

Since the Centre for Risk Research was established in 1990 its members have developed and fostered a unique interdisciplinary approach to risk and decision-making research, consultancy and education. In particular the Centre aims to encourage a deeper appreciation of the nature of risk, to develop approaches to its analysis and to assist individuals and organisations to improve the quality of decision-making and to effectively manage risk and uncertainty.

The CRR is based in the Business School of the University of Southampton.

Foreword

A great strength of the risk profession is its willingness to debate fundamental terms.

In recent years, risk culture has come under this microscope. Many risk professionals now look to risk culture to reduce reckless risk-taking, improve organisational ethics, and serve more generally as a cultural framework for effective management. Yet risk culture also has its doubters who are unsatisfied by its varying and sometimes unclear definitions, and by lack of simple guidance on how to promote it within organisations.

Anyone interested in the risk culture debate should find the present discussion document thought-provoking. Not everyone will agree with its concluding suggestion that the risk profession should abandon risk culture and instead promote the virtue of prudence. Nonetheless, the document’s novel juxtaposition of risk culture and prudence illustrates how, when old terms are drawn together for the first time, some surprising new insights can emerge.

The Centre for Risk Research is committed to thought leadership and the promotion of new thinking within the risk profession. It is hoped that many will read this discussion document and that its case for prudence will have impact.

We trust you will find the document stimulating and welcome your feedback.

Professor Johnnie Johnson
Director of the Centre for Risk Research

Participants

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Introduction

This discussion document is written as a call to action. It urges organisations to actively support their employees to cultivate prudence. It also advocates prudence as a solid foundation for risk culture.

Prudence will be discussed as possessing rich meaning – and indeed of possessing multiple meanings capable of inspiring and supporting people in different ways. This will be considered one of its strengths.

The central argument offered will be that promoting prudence within organisations might be an effective way to achieve healthy risk cultures. This would entail the term prudence working hard as a focal point for positive change – which might even prove more appealing to employees than the promotion of what is currently termed ‘risk culture’.

It will be contended that the promotion of prudence may achieve the following:
− proactive participation in risk management;
− moral courage for candour and whistleblowing;
− vigilance towards reckless risk-taking;
− vigilance towards risk bias;
− ethical behavior generally, and ethical concern over the longer term in particular.

Before explaining these various points, however, it is necessary to clarify what prudence means.

This has been a stumbling block for many writers, whose reliance on metaphor, or upon complex philosophical constructs, or on various meanings overlaid awkwardly on top of one another – has naturally led many to favour only its very simplistic meanings and to dismiss its more complex meanings as inaccessible. However, a key point of interest for readers of this document may be that a concern for risk culture provides valuable context for making sense of prudence, even making it possible to achieve an in-depth understanding with relatively little effort. Prudence is, after all, a risk term, and it is perhaps the risk term with the richest meaning of all. We might therefore expect risk specialists in particular to grasp its meanings and their importance. One of the concerns of this discussion document is to provoke the reader into wondering why the risk profession has not made much more use of it – and another is to urge the risk profession to correct this oversight.

The meanings of the contemporary English word prudence have multiple origins. Borrowing from one meaning of the Classical Latin prudentia, contemporary English usages denote foresight. Hence promoting prudence can equate straightforwardly to promoting the foresight necessary for risk management.

Yet there is much more to prudence than this. Borrowing from the Classical Latin prudentia and from the Old French prudence, the word also retains strong connotations of wisdom and common sense. These meanings derive from the Ancient Greek phronesis which is conventionally translated as practical wisdom. This was viewed by the Ancient Greeks as a fusion of intellect and ethical sense; together these were considered to co-evolve along with the self-knowledge they stimulate each time they guide people in the unique situational challenges they face. More fully, these co-developments were conceived as integral to the life long process whereby people strain towards happiness and flourishing. This broader view of prudence has persisted down the centuries. Reflecting it, a common visual depiction of prudence – visible for example in a famous statue in St Peter’s Basilica in Rome – has been as a female allegorical figure who holds a mirror in one hand (denoting self-knowledge) and a serpent in the other (denoting wisdom).

Drawing from this rich inheritance of historical meanings – while avoiding definitional and philosophical disputes of narrow academic concern – this document will contend that prudence has great potential to serve as the most fundamental concept within any organisation’s risk culture. Following the ancient Greeks, it will present prudence as vital to daily life. Also following the ancient Greeks, it will present prudence as something we continually experience and use to develop our self-knowledge. More fully, prudence will be regarded as something we use to ensure we do not forget ourselves when situational pressures and narrow psychological drives bound up with our ego-defensive strategies, or
our visceral social manoeuvrings, at times conspire to seize control of our thoughts and behaviours. The arguments set out below are all concerned with liberating and enhancing this valuable attribute. It will be argued that prudence can be liberated through reassurances to employees that conscience will be respected and rewarded. It will be argued that the self-knowledge which prudence needs can be enhanced through raised psychological awareness. This entails teaching and training, which can be tailored so as to allow employees to be more vigilant towards reckless risk-taking in particular. In making this latter point, a key consideration is that there is an opportunity today for us to define prudence afresh, in different ways to suit different purposes. The concept of prudence is developed within this document as a foil to recklessness because that is what risk cultures need.

The document’s first section (**the power of prudence**) will discuss the above meanings and their implications further. It will have a particular concern to outline why they might be of interest to anyone concerned with how risk and ethics are handled within organisations. This exercise will require some brief further consideration of the long history of ideas where prudence has been regarded as the most important virtue upon which practical action, and indeed all other virtues, depend.

The second section (**risk culture – what prudence offers**) switches attention to risk culture. It will explain that burgeoning interest in risk culture provides a timely opportunity for organisations to promote prudence so that risk cultures can achieve what organisations today expect them to achieve.

Working from these foundations, the remainder of the document will give prudence the more detailed exploration and advocacy it deserves. Each section will, in different ways, argue that prudence has an extraordinary and as-yet-unrealised power to inspire employees to perform at their very best - and in ways that should match the aspirations of every healthy risk culture.

The third section (**prudence is about who you are**) will argue for the need to promote not just **acting prudently** but also **being a prudent person**. This will be explained to have surprising benefits which readers of this document interested in organisational ethics may not have considered before.

Section four (**prudence as mindfulness**) will explain that prudence has important implications for how we understand mindfulness and its potential to contribute to risk culture. It will be emphasised that prudence entails the governance and monitoring of both the self and of others, using carefully tailored psychological skillsets.

Section five (**prudence and reckless risk-taking**) will explain that promoting prudence might equate in large measure to focusing ethical self-governance towards mindfulness of a psychological and ethical malaise that can break out anywhere and at any time in any organisation: false prudence. The case for basing risk culture on prudence will become much more distinctive and compelling when it is explained that false prudence corresponds to a very common pattern of psychological and ethical derailment likely to be responsible for much reckless risk-taking within organisations.

Section six (**prudence and generativity**) will then explain that prudence can be better understood when it is linked to generativity, a psychological orientation which looks far ahead into the future because it finds satisfaction in handing opportunities, skills and other resources to future generations.

Finally, the general conclusion reaffirms that promoting prudence within organisations is easy. Its central point will be that employees need to be encouraged to think about what it means and why it matters – and in particular to appreciate that their personal views and experiences of it matter.
1) The power of prudence

This section will advocate that the very narrow view of prudence which prevails today is replaced by much richer understandings informed by the long history of ideas. It will clarify that the power of prudence equates ultimately to the power which ethically revived understandings of prudence might have in today’s workplaces. It will be argued that such understandings might awaken and inspire ethical being within the workplace, which in turn might help people become more effective managers and decision-makers.

Although very frequently used within contemporary business prose – particularly by accountants, financial institutions and their regulators – prudence tends to be viewed as not requiring definition. This is because it is widely assumed to have clear and simple meaning as foresight motivated by cautious concern for the future. Some may extend their understanding of prudence to cover capabilities arising from this, such as balancing short term goals against longer term sustainability or change considerations – or giving due consideration to de-risking activities such as placing resources in reserve or making plans.

The present document challenges this common understanding through its advocacy of the much older and richer view of prudence outlined in the introduction. To expand on these introductory comments, from the time of ancient Greece and down through the centuries, prudence has retained meaning as a term referring to virtuous personhood. As Josef Pieper explained in the introduction to his classic text on The Four Cardinal Virtues, virtue doctrine with prudence at its centre was already taken for granted within ancient Greece, long before Thomas Aquinas’ late 13th Century Summa Theologica set it within Christian theology as the first of the theological virtues. Virtue doctrine is concerned with goodness inherent within the person. It contrasts with deontology (concerned with the goodness of actions) and consequentialism (concerned with the goodness of outcomes). Today it offers a focal point for improving organisational ethics, emphasising ethical self-governance as opposed to rules or performance outcomes.

To make a first pass at defining prudence as a virtue, it can be regarded as a fundamental concern with what has variously been referred to as ‘goodness and truth’ or ‘caring, seeing and knowing’. When we view this concern as inherent within a person’s being, we naturally start to think in various psychological, religious or other philosophical terms about what this might mean – and at this point it becomes plain that consensual understandings of prudence are unlikely to be forthcoming. What we can at least agree upon, however, that being concerned simultaneously with ethics, intellect and knowledge, prudence can be regarded both as a moral compass and as an enabler for what might be termed clear-sighted and correct reasoning.

An important puzzle arising, then, is how prudence might link ethics and intellect. In the Catechism of the Catholic Church, published as recently as the 1990s and closely following the Summa Theologica, this link is made by defining prudence as “the virtue that disposes practical reason to discern our true good in every circumstance and to choose the right means of achieving it”. This very thought-provoking notion that the ethical sense can help discipline the means-ends interrelationships that make us rational does not, however, fully exhaust the range of possibilities for thinking about how intellect and ethics interrelate. Much further reflection seems warranted. Do we really need ethics to think effectively? Can a serial killer or a brutal tyrant not call upon fiendish ingenuity when devising the most efficient means to pursue evil ends?

These are questions that may well be asked by the modern business professional preoccupied with issues of process and efficiency, for whom grasping an issue need not entail ethical evaluation at all, and who will have been taught over the course of many years of study that describing and evaluating are two entirely different practices requiring segregation from one another.

Yet the modern business professional might also be intrigued by the question of how the ethical sense might be harnessed for the purpose of allowing us to see and reason more effectively. This question should be particularly intriguing for anyone concerned with managing risk. Those who view risk management as requiring an active ethical sense – incorporating, for example, what Patricia Werhane has called moral imagination – might point out that the ethical sense is likely to energise our efforts to anticipate what might happen in the future. More fully, it is likely to energise both the long view (where we look further
ahead) and the large view (where we think about how more people will be affected by future events).

It follows that grounding a risk culture in prudence, further linking this to the insight and provocation that truth and goodness are indivisible, might stimulate valuable debate within an organisation about the mindset that is required to anticipate risk and remain vigilant towards unexpected events. Even a critic of prudence who questions the existence of any virtue might be tempted to concede that prudence can be a very helpful metaphor if its promotion encourages such debate.

Also providing food for thought, the notion that prudence exists within a person’s being might be taken to imply that it resides within that part of a person which remains private and is held in reserve rather than given over to be remoulded by professional socialisation within organisations. Cultivating prudence within risk culture can, correspondingly, be understood to include quite deliberately striving to engage that part of a person for purposes of self-governance within organisations, particularly in respect of how risks are handled. This possibility will be one of the key insights offered up for debate by this discussion document.

Of course, these definitions and their suggested implications are ambiguous and contestable. Yet this is perhaps part of prudence’s strength. Much of the power of prudence arguably arises from the healthy debates that might arise within organisations when people of multiple religious faiths and philosophical dispositions are asked what prudence means to them. The promotion of prudence might therefore be viewed as a sanction for each employee to seek guidance from their very personal moral compasses and underlying formative experiences. Opinions may differ on whether the promotion of prudence, and the sovereignty of of each individual employee’s conscience it entails, is a formula for terrifying ethical anarchy or for an ethically supercharged organisation where genuine personal conviction is encouraged and can prevail.

To summarise, when considered as a virtue ethics term, prudence inheres within private (perhaps religious or spiritual) being to make us look to the future with caution and apprehension that arise through care rather than fear. What the modern business understanding of prudence has lost sight of, is the causal sequence running from this intrinsically mysterious concept of prudent personhood, to prudent thoughts and behaviours that are common and observable in organisations; in other words, it has confused mental and behavioural manifestations of prudence, with prudence itself. It has quite understandably preferred to conceive of prudence with reference to practices relating to planning, de-risking and sustainability that are commonplace and observable, rather than wallow in mysteries concerning the nature and origins of ethical being. Nonetheless, when prudence is resituated within its long history of ideas as a virtue, and as a property of being, profound and very positive implications arise which can be captured within the question of what it might mean to base a risk culture on prudence. This shift in perceived meaning entails that a risk culture should not be concerned solely with how employees conduct themselves; rather it should also be deeply concerned with the person, and in particular with their ethical caliber which ultimately determines the quality of any self-governance they undertake. Much has already been written within risk culture literature about how risk behaviour should be harmonised with extrinsic motivations – particularly systems of remuneration. This discussion document pivots the spotlight towards intrinsic motivation. Its general concern is with how self-governance, strengthened by a fundamental concern with goodness and truth, and enlightened by an understanding of how psychological and ethical derailment can produce reckless risk-taking, can provide a solid foundation for a healthy risk culture. Before this, however, the next section clarifies why risk cultures are needed and outlines specific ways in which promoting prudence can help them succeed.
It is increasingly recognised that well designed and implemented risk cultures have much to offer organisations. They can provide the cultural context to allow risk management processes to flourish by stimulating risk vigilance and communication (e.g. in blame-free cultures and cultures of candour) and they can stimulate proactive participation in organisational responses to risk (e.g. by facilitating the spontaneous, fluid managerial formations required within systems of enterprise risk management). Risk cultures can also help contain organisational risk taking within the upper and lower limits of preferred risk appetites – and they can guard against reckless risk-taking.

Interest in developing risk culture has risen sharply since the global financial crisis of the late 2000s – which is to say, in response to the need to foster better ways to prevent and detect excessive risk-taking that threatens financial markets. Such concern is now widespread within financial firms under the public and regulatory spotlight to control excessive risk-taking.

Yet cultural problems also arise at the opposite end of the risk-taking spectrum. In public services, managerial risk aversion can result from intense scrutiny of public managers. Large and well-established organisations of all kinds are sometimes susceptible to strategic risk-aversion. Hence it is common for people to take the simplifying view of there being an optimal ‘risk level’ for each organisation, just as in the nursery rhyme Goldilocks prefers porridge which is not too hot and not too cold, but ‘just right’.

Yet ‘risk level’ problems are not simple. How we perceive them carries implications for how we view what risk culture can achieve – and by extension for what role prudence might play within risk culture. One way to address risk level problems is to take stock of what risks are currently being taken, and to then close the gap between real and desired risk-taking by imposing various hard financial parameters and softer cultural influences on the risk-taking activities. Risk appetite statements may be used for this purpose.

By issuing all sorts of behavioural expectations and incentives, risk appetite statements can set a clear cultural tone and direction of travel for an organisation in terms of target appetite for risk-taking. Within risk cultures designed to reduce levels of risk-taking, calls for more prudence may be helpful. The narrow understanding of prudence which prevails today, entailing little more than cautiousness and a concern to de-risk business activities wherever this is cost effective, seems wholly fit for this purpose.

An alternative view of risk level worries about a different gap between real and desired risk-taking. It considers that real loss exposure will always tend to exceed desired loss exposure due to the presence of invisible – deliberately concealed or unnoticed – risk-taking behaviours that might easily remain unassessed and uncontrolled until too late. On this view, the risk level in an organisation is a known unknown which fills the grey area between rectitude and corruption. Moreover, it extends towards excess characterised by a psychologically and ethically comprehensible recklessness capable of inflicting reputational damage over and above any direct harm it causes. The challenge of reducing such risk-taking requires a shift in thinking about what calls for prudent risk cultures, set within risk appetite statements or elsewhere, might usefully seek to accomplish.

If prudence is to be promoted as a virtue within a risk culture, then it may have no clear role to play in influencing the first of our two types of risk level. This is because taking ethical and farsighted decisions may sometimes entail taking more risk – for example where pledges of care or responsibility expose organisations to new costs.

However prudence could play a very clear and central role in reducing the second of our two types of risk level. The virtue of prudence might reduce the likelihood of recklessness because:

(i) it engages the most personal critical and ethical faculties of each employee, thus rendering them more capable of criticising organisational practice as if from the standpoint of an outsider who is not swept along by the organisation’s behavioural flows, and

(ii) it comprises mindfulness of how false prudence (i.e. the psychological and ethical derailment that produces reckless risk-taking) can break out anywhere and at any time in any
organisation, sometimes perpetrated by a few bad apples who seek to conceal their activities, and at other times subtly influencing routinized daily life within an organisation, such that few recognise it for what it truly is.

At this juncture, a critic of the above argument might assert that the concept of a risk-taking ‘level’ lacks relevance to problems of recklessness. Surely, they would contend, there can be no optimal ‘level’ of recklessness other than zero, because surely recklessness demands zero tolerance. To answer this criticism, it is important to say more about why reckless risk-taking is an extremely difficult problem to address. Consider that many of the psychological elements that contribute to recklessness can also play very positive roles in organisations. Reckless risk-taking is certainly hubristic and is associated with many psychological themes such as narcissism and power hunger that are well known to underlie hubris. However it is also commonly reckoned that there is also positive hubris, which may have precisely the same psychological sources as destructive hubris, and yet whose positive effects arising through such facets as fiery personal ambition and charismatic leadership are likely to include organisational dynamism and innovation.

Hence we can discern that a highly complex psychological pattern, with highly complex ethical implications, and easily capable of causing both harm and good, may be what we find each time we look for reckless risk-taking. As soon as we focus attention on this pattern, we can begin to conceive of it as varying in intensity within organisations, and hence as possibly being set at some optimal ‘level’ where prospects for positive consequences outweigh prospects for negative consequences. More will be said about this pattern in part five of this document. The culture and psychology of narcissism and related constructs will be explained there in just enough detail to enable some appreciation of its various pros and cons for organisations. For the moment, though, what matters is that our imaginary critic can be rebutted – recklessness is indeed a highly complex ‘risk level’ problem. It follows that a difficult challenge for prudence – considered as a vigilant psychological astuteness – is to discern whether levels or intensities of the pattern at issue are starting to cause more harm than good – perhaps edging towards pathological excess or overstretching the boundaries of ethical acceptability.

Moving on, there are further problems which risk culture programmes commonly address, and where we might look to the promotion of prudence to help...
provide solutions. One such problem concerns the need for cultures of candour. This has become paramount within the UK’s regulated health and social care providers in particular, yet the personal attributes required are similar – to those required within what might variously be termed blame-free cultures, cultures that support whistle-blowing, and cultures within high reliability organisations where proactive and rapid error-reporting is vital.

In order to explain why promoting prudence is likely to benefit these cultures, we need to consider why prudence is often regarded as a virtue upon which other virtues depend. Perhaps the most well-known classic work of literature presenting prudence as a virtue is Thomas Aquinas’ *Summa Theologica*. Prudence is depicted therein as the first of the four cardinal virtues – the other three being justice, fortitude and temperance. Without prudence, the argument runs, we would lack motivation to commit to the three remaining cardinal virtues of justice, fortitude and temperance. Hence, when prudence is meaningful to people as the first of the cardinal virtues, it must altogether lose its contemporary mental association with risk-aversion. By steeling people to dedicate themselves to fortitude in pursuit of justice, prudence can place people at enormous personal risks borne dutifully and in conscience.

Taking stock, then, given that risk culture should support proactive participation in risk management, candour, whistleblowing and error reporting, it makes good sense to seek to achieve this through the promotion of prudence, because this entails cultivating the ethical resolve required for these activities – particularly insofar as they bring serious personal risk. With this idea, moreover, we get closer to appreciating prudence’s insistence upon the indivisibility of truth and goodness; without ethical resolve, it can be argued, there may be important truths that we fail to confront. We may call upon a whole host of subliminal defences such as denial, avoidance, distraction, forgetfulness, blame transference, and the like, to avoid recognising and acting on truth where this brings personal risk.

Although cultures of proactive speaking out (and by extension, of prudence) have obvious positive implications for risk management in general, the rise of enterprise risk management (ERM) in the last 20 years now leaves the risk profession in no doubt that their day has finally arrived. ERM is sometimes explained using the biological metaphor of a ‘corporate nervous system’ modelled on the individual nervous system. This metaphor runs as follows. The corporate nervous system allows the organisational brain to strategically reposition the organisation as it moves through its corporate risk environment, just as an individual person relies on their central nervous system to transmit pleasure and pain signals to their brain so they can move with agility through their ever changing physical risk environment. What ERM systems need, then, are employees prepared to behave like corporate nerve endings which are highly sensitive to their environments, and which can fire up and initiate communications effectively when required.

The ERM mantra that ‘risk is everyone’s responsibility’ can be interpreted as a call for this – which is to say, for risk identification and communication to be spontaneous and fast. Cultures of proactive speaking out are clearly important enablers for this – and it follows straightforwardly that the need for prudence might usefully be emphasised within such cultures. This notion that ‘risk is everyone’s responsibility’ is also important within systems of ERM for another reason, which has further implications about how prudence can support a healthy risk culture. Perhaps the best way to explain this point is by extending the biological metaphor. The organisational brain, just like the individual brain, needs to operate heterarchically rather than hierarchically. Just as different modules within the human brain link together in different patterns to engage with different mental challenges as they arise, so too within a system of ERM it is important for skilled and experienced managers from different organisational functions to coordinate spontaneously and in shifting combinations, depending on whatever risks are deemed critical to the organisation at the time, and what organisational skills, powers and resources happen to be most relevant for their management. In short, then, ERM requires not just cultures of proactive speaking out but also cultures of heterarchy. Straightforwardly, the need for prudence might usefully be emphasised within such cultures. This might focus on encouraging the ethical commitment often needed for busy managers with limited resources to come forward spontaneously when required and contribute to heterarchical management. More will be said about prudence as a felt obligation of ethical custodianship in the penultimate section of this document dealing with generativity.
3) Prudence is about who you are

Josef Pieper’s short text on *The Four Cardinal Virtues* offers a rich and accessible interpretation of Thomas Aquinas’ writings on prudence. It is mentioned here because some surprisingly useful insights can be gleaned from what it says in its first few pages about the metaphysical structure of Christian theology expressed within the *Summa Theologica*. Concerned to explain the primacy of prudence over the other cardinal virtues, Pieper explains that “the whole ordered structure of the Occidental Christian view of man”, set within the *Summa Theologica*, can be summed up within this sequence: being necessarily precedes truth, which, in turn, necessarily precedes goodness. Straight after, as if to offer further explanation, Pieper adds that “the living fire at the heart of the dictum is the central mystery of Christian theology: that the Father begets the Eternal Word, and that the Holy Spirit proceeds out of the Father and the Word”. Pieper’s main point when setting out these sequences seems to be that you need to (firstly) be a prudent person before you can (secondly) perceive truth and (thirdly) experience further virtues such as fortitude, justice and temperance as ethical imperatives to act. In this vein he explains that prudence is the cause of these further virtues being virtues at all. More fully, it is this primacy which gives prudence its nobility, which is to say:

(i) its role in committing us to the pursuit of fortitude or justice, even when this brings great personal cost or risk, where otherwise a petty or cowardly utilitarianism would prevail;

(ii) its role in committing us to the pursuit of temperance, where otherwise the ‘governance of instinctual cravings’ would have free reign.

Let us now go back over these points and distil the insights that should be of interest to the readers of this document concerned with risk culture irrespective of their level of interest in theology. Firstly, we find ‘being prudent’ represented as something mysterious – an object of wonder. Secondly, we find it as a property of being which transcends the daily lives it shapes. Thirdly, we find it as a higher level mode of being than that which we experience through instinct – which is to say, as something that enables higher order (or ‘noble’) self-governance of the whole person, no matter what lower level psychological forces try to maintain lower level governance.

Hence these three insights:

(i) Cultivating prudent personhood can benefit from emphasising the mysteriousness of its nature and origins. One benefit is that people are more likely to think about something if they regard it as an object of wonder; a further benefit is that people of multiple philosophical and theological persuasions are more likely to engage with the concept if they can explore it in their own terms.

(ii) Cultivating prudent personhood can benefit from engaging the private person concerned with their own long term ethical wellbeing and development. This entails dignifying, respecting and rewarding individual conscience. In practical terms this might sometimes involve asking employees who take difficult ethical decisions to seek inspiration and guidance from the values and experiences that have influenced them outside their professional lives. One important benefit is surely that such dignification can elicit trust and loyalty. A further benefit is that any resulting shift towards what might be termed the outsider’s perspective may be more conducive to candour where there is social pressure to remain silent. Even a subtle shift towards this perspective may help employees remain alert to problems developing all around them in the behaviours of other employees. Consider, for example, that this might be protective against what Diane Vaughan has called the normalisation of deviance.

(iii) Cultivating prudent personhood can entail asking employees to engage more in what psychologists often call self-monitoring or metacognition – but in language that may seem more appealing. Emphasising prudence as self-governance, with further reference to the idea that this is something noble, may hold particular appeal. Use of this terminology to affirm that self-monitoring is difficult yet admirable, because it leads directly to brave decisions to accept new risks, or costs, or to show moderation, may stimulate a more sober and stoic appreciation of why of self-monitoring is important.
Finally, a further benefit of promoting prudent personhood is that appeals to personal and social identity can be powerful levers for ethical improvement in organisations. Organisations can influence employees to improve their behaviours by reshaping – perhaps even in very subtle ways – their employees’ views of themselves. This is because every view we form of our own character creates an ethical script which we then use to help regulate our thoughts and behaviours. We can see this influence, for example, in the common phrase “I wouldn’t do that because that’s not who I am”.

There are grounds for supposing that many people in organisations are susceptible to such influences. Being and identity are extremely important to people – and perhaps even more so to current generations in employment than to previous generations. As the stable sources of identity are undermined through the growing impermanence of work and family circumstances, we can expect people to take ever more interest in who others around them expect them to be.

We know from recent research literature that when such expectations are brought to bear through communications filled with self-relevant nouns – for example where people are referred to as cheaters, fraudsters, or by the same token, as prudent employees – then they are more likely to conceive of themselves and behave in accordance with these imposed expectations.
Recent years have seen an enormous growth of academic literature and management consultancy dealing with mindfulness. The concept is often linked to meditation, which we know helps us familiarise ourselves with our unconscious minds and can therefore be considered an aid to that higher order self-monitoring mentioned in the last section. Advocacy of such meditation within organisational settings usually entails asking people to make provision for quiet contemplation removed from the hustle and bustle of daily organisational life – and this of course draws attention once again to the possible advantages of giving the private person space to reflect upon what is happening within and around them in their daily working lives.

It is perhaps unsurprising, then, that Josef Pieper should have repeatedly stressed the value of silence in his classic discussion of prudence. “Only he who is silent can hear” says one passage. Another exclaims that “[prudence] holds within itself the humility of silent, that is to say, of unbiased perception”. In a further reference to the value of silence in guiding perception, Pieper turns attention to three qualities of the prudent mind mentioned within the *Summa Theologica*, which he presents as requiring silence to operate. These are:

(i) **Memoria** – clear and true memory, which we falsify all too easily;
(ii) **Docilitas** – an openness to thinking with others, such that thought becomes a collaborative social process and we can help each other discern our mental frailties;

(iii) **Solertia** – an ability to retain clear-sightedness when there is a need to act swiftly and under pressure.

For Pieper, these three qualities of mind all pertain to challenges that are real and current – yet there is also a fourth, called **providentia**, which entails an ability to think ahead to possible future consequences. We could simply call this skill in risk identification. A compelling argument for promoting prudence within a risk culture arises with this mention of **providentia** as a fundamental quality of mind. The argument can be summed up as follows. Anticipating future possibility is extremely difficult and organisations all too often get it wrong. It needs to be considered a valuable skill to be nurtured and given as much meeting time and resource as it requires – utilising as many procedures such as risk identification workshops and scenario exercises as are helpful to it.

Despite their 13th century origins, the three other qualities of mind also possess timeless relevance for anyone concerned with risk identification. Such activities certainly require **memoria**. The need to improve foresight through detailed consideration of hindsight, and in particular through humility and acceptance of past failures (and indeed past failures of hindsight), amounts to a widely accepted principle of risk management. **Docilitas** is clearly important too. When risk management becomes a social rather than an individual process, more of risk becomes visible and personal biases surface where they can be scrutinised. **Solertia** has particular implications for how risk is handled within decision-making under high pressure. Contemporary risk psychology is interested in how framing biases such as our tendency to overestimate opportunity when we perceive loss, and to underestimate opportunity when we perceive threat, compromise what Thomas Aquinas called **Solertia** and lead to poor risk handling within decisions. Furthermore, psychoanalysts of organisations consider how people ‘regress’ under crisis, and engage in various harmful ego-defensive activities such as selectively falsifying memory to reduce anxiety. This helps us to further appreciate that **solertia** and **memoria**, being mutually supportive, are both indispensable within risk management.

Taking stock, we might conclude that employees within organisations cannot be expected to become risk psychologists. Risk culture prescriptions might nonetheless very usefully encourage them to be mindful of prudence’s four qualities of mind. This is only in part a question of self-governance, because it entails vigilance as to whether both self and others are displaying these qualities as effectively as they might.

What these four qualities of mind focus our attention on, then, is the need to look back to the past and forward to the future if we are to function effectively in the present. Titian’s 16th Century painting, ‘**An Allegory of Prudence**’, which hangs in the National Gallery in London, depicts this threefold nature of prudence in a very thought provoking way.

To promote mindfulness within a risk culture with reference to these qualities of mind does however entail a change in thinking. When the term mindfulness is used within risk management contexts today, it is often with reference to the practices of high reliability organisations which require raised levels of vigilance towards external threat. Hence mindfulness is often regarded as equating to alertness towards the unexpected, and being proactive in giving strong responses to weak signals that things might be going wrong, always with apprehension directed outward towards the external risk environment.

If organisations wish to promote prudence in its mindfulness aspect, then mindfulness needs to turn inwards; that is it needs to entail focussing vigilance towards the qualities of mind needed to manage risk – particularly when employees are under pressure. When dedicated to that purpose, mindfulness will no doubt work best when it uses its hallmark techniques: silent moments of reflection, even meditation, where the private or whole person can emerge to restore the mind which has been weakened and contorted by the pressures of the day.
This document’s advocacy of prudence as psychologically astute mindfulness is not yet complete. This section explains that perhaps the strongest case for promoting prudence within a risk culture is this: true prudence can be considered protective against false prudence, where the latter is explained as a socially aversive psychological pattern underlying a significant amount of reckless risk-taking in organisations. Both true and false prudence, it can be argued, supply the wits needed to face the challenges of the day. However, whereas true prudence supplies the wits that draw people towards human flourishing and the wellbeing of those around them, false prudence supplies the wits which permit people to follow socially aversive paths towards self-destructiveness.

Of course, an important challenge for any risk culture aspiring to be protective against false prudence would be to communicate a much clearer and more detailed understanding of the term, using language appropriate for lay audiences. With that in mind, the following discussion is written to introduce the basic psychological elements at issue to a non-specialist readership.

Edmund Burke said “There is a courageous wisdom; there is also a false reptile prudence, the result not of caution but of fear”. This notion of fearfulness – and in particular a ‘reptilian’ fearfulness which adds the connotation of dumb spontaneous visceral response to fear, is a useful starting point for considering what false prudence consists of. In particular this helps us to understand it as a ‘wit’, of sorts, which allows people to deal quickly and in real time with the daily challenges they face.

We can develop our understanding much further, however, by considering a single passage in Pieper’s text on ‘The Four Cardinal Virtues’ where prudence is accorded a special role as a foil against covetousness. Pieper’s understanding of covetousness comprises an excessive love of riches, as one might expect. However, by setting this within the context of a much broader psychological malaise, it raises many more psychological issues. Pieper’s definition of covetousness is this: “an anxious senility, a desperate self-preservation, over-riding concern for confirmation and security”.

Management psychologists may recognise this pattern immediately as narcissism. This is arguably present within everyone to some extent, yet its excesses are now commonly studied within management and leadership literatures as causing many problems within organisations. The basic features which relate to the above definition are as follows. Firstly, narcissists are known to be power hungry. They regard power attainment as a zero-sum game; that is, they have a paranoid world-as-a-jungle view of human nature which leads them to fear that if they do not accumulate power, then others will. They believe these others will then wield that power unfavourably over them. They also fear the loss of power that comes with age. Yet this fear of ageing has another source which we need to consider: their intense desire to be respected and admired, and the intense anxiety and anger they feel when they perceive this to be lacking. This is an extremely important factor because it underlies the narcissist’s signature preoccupation with wealth, status and prestige.

This factor also underlies the narcissist’s need to relate to others in ways that allow them to protect their fragile self-esteem systems. Some try to achieve this through vulnerability, where they finely tune their emotional sensitivity to others. Others use strategies of grandiosity and charisma. These strategies may have positive consequences, for example they permit some narcissists to be admired as strong and reassuring crisis leaders. However these same strategies can also lead to managerial bullying, particularly where dissent against a narcissistic leader, by testing their power and denting their self-esteem, provokes narcissistic rage.

Already, then we can find seeds of recklessness in narcissism. First of all we can discern within it a hubris whereby managers strain towards individual ambitions which deviate from the best interests of their organisations. More subtly, we can also discern from their inflated yet vulnerable self-importance, and from their fear that they may one day lose their powers, that an unusual sense of urgency may often gird them to pursue these ambitions.

To explore this pattern further, and to link it more solidly to reckless risk-taking, we need to very briefly consider some of narcissism’s near neighbour constructs. Academic studies of what is variously termed managerial derailment or dark-
side leadership commonly refer to a **dark triad of narcissism, Machiavellianism and psychopathy**. Of course, personalities are complex and changeable, but the research finding that these three dark triad constituents very often cluster together has proven robust for over 20 years now. Moreover, a characteristic of literatures dealing with each of the three dark triad constructs has been to argue that they are on the rise within the modern world and within modern organisations. This possibility can only bolster the present argument that the dark triad might serve as a useful focal point for understanding reckless risk-taking in organisations.

Machiavellianism can be understood to contribute to this pattern in a very simple way. Machiavellians (people who score highly on the various ‘Mach’ scales which have been produced and used widely since the 1960s) take pleasure in – and seek opportunities for – interpersonal manipulation. Some Machiavellians aren’t very good at this, but others are because in interpersonal situations they do not experience those spontaneous feelings of empathy for others which in most people prohibit manipulation. Notably, Pieper’s discussion Thomas Aquinas’ **false prudence** claims that the ‘most characteristic form’ of false prudence is in fact not covetousness but astitia, which is the defining attribute of “the intriguer who has regard only for “tactics” who can neither face things squarely nor act straightforwardly”. Such individuals, Pieper continues, are far less concerned with the truth of things than they are with opportunities for manipulation; hence they cannot participate fully in achieving clearsightedness in concert with others. Using the dark triad seems particularly, useful, then for unlocking a broad understanding of false prudence as Thomas Aquinas understood it; that is, they draw us closer to understanding the visceral preoccupations that can easily grab hold of a person and reduce their overall clearsightedness – and hence they draw us closer to understanding the challenges that face prudence considered as mindfulness.

Psychopathy, which is widely studied within business ethics literature in its **corporate psychopathy** aspect, is also centrally concerned with lack of empathy. However, lack of concern for rules and accountability is also prominent. So too are the patterns of power hunger, charisma and bullying commonly linked to narcissism. This brief mention of psychopathy completes our brief tour through the three constituents of the dark triad which prudence needs to be mindful of. Psychopathy in particular seems to challenge us to consider that the lack of empathy found within psychopaths (including the many non-clinical psychopaths who can be very successful in their careers and are all around us) might often be an important limiting factor for clearsightedness.

Putting these elements together, a simple profile of the reckless risk-taker emerges. Self-seeking ambition, perhaps pursued with an odd sense of urgency, may often be accompanied by a lack of empathy for those who may be negatively affected. Rules may be bent or remorselessly broken to serve such ambition. Charisma and/or bullying may be used to ensure that any rogue practices go unconcealed for a long time. This pattern, arguably, is something employees within many different types of organisation can usefully be encouraged to be vigilant towards. In simple umbrella terms that might actually be used within a risk culture, the governance of true prudence needs to be encouraged to protect against the visceral, self-obsessed and ethically decayed governance of false prudence.

To be clear, this is certainly not the only psychological profile of the reckless risk-taker that might usefully be considered with a risk culture. For example, some recklessness is very likely to be associated with sensation-seeking and edgework, where employees crave the life-affirming exhilaration (or even just the rush of brain opiates) that can come with pushing beyond the boundaries of what is permissible in organisations and taking on illicit risk. Of course, there is no reason why this should not commonly accompany false prudence as described above.

To conclude this section it is important to recapitulate section two’s observation that the psychological patterns which underlie risk-taking in organisations are problematic because they deserve to be considered neutrally in terms of the pros and cons they contribute. Accordingly, narcissism, Machiavellianism and psychopathy have all been shown some grudging admiration by their detractors. For example, narcissists can make reassuring crisis leaders. Machiavellians can do well in sales and negotiations. Sub-clinical psychopaths can be unfazed by danger, which can allow them to become heroes within armed forces and emergency services. Furthermore as with Machiavellians, the slipperiness that characterises how they make, cultivate and break social relations can enable them to thrive within organisational politics, particularly within fast-changing organisations relatively unconstrained by fixed role structures. The very subtle challenge for prudence, considered as mindfulness, then, is to work with a sufficiently fair (which is to say, balanced) understanding of the dark triad as to be able to discern when it threatens harmful excess.
Generativity, can be best understood as entailing mentoring future generations of employees and building sustainability in the interests of future generations.
6) Prudence and generativity

This section will offer some final thoughts on what it means to experience prudence. Pieper’s text devotes a chapter to the relationship between prudence and the emotional experience of charity. Following Thomas Aquinas, he contends that just as prudence moulds the virtues, charity moulds prudence. One possible implication arising is that if we seek to exercise prudence, then an accompanying experience of charity should be a reassurance that our thoughts are moving in the right direction. A less obvious implication is that when faced with alternative complex options for behaviour, the prudent person may strain towards the one that seems more charitable. This may be particularly helpful under information poor, time pressured circumstances where the experience of emotion can serve as a decision shortcut.

However, we should perhaps also consider that decision options often do not form along charitable vs uncharitable lines. Instead, there may be various ways in which we can act, each of which will allow us to be charitable towards different persons or groups in different ways. Even selfishness, conceivably, can be a route towards charity. Indeed, this may happen often, because behaving selfishly in a time pressured organisation can entail preserving the time necessary to perform core tasks sufficiently well as to produce charitable outcomes over the long term.

With that in mind, this section offers a more nuanced understanding of the emotional experience of prudence which can serve as a more useful guide. To pave the way by reflecting briefly upon the concerns of this document, we have seen that prudence is about personhood. Its significance for professional socialisation is that the whole person striving towards human flourishing can find within the prudence they cultivate at work a way of being that carries them forward. Furthermore, we have seen that this pursuit of wholeness is threatened by the ethical decay and self-obsession of false prudence.

The psychologist Erik Erikson offers very general psychological concepts to help us make further sense of this process. Moving from middle age to older adulthood, Erikson argues, personality strains to achieve a post-narcissistic wholeness, called integrity (more fully, ego integrity). This is characterised by acceptance and appreciation of who the person has become and how they have carved their niche in the world. Such acceptance is said to protect against despair. Integrity vs despair is considered the last of the major life stage conflicts which people are likely to experience within their professional lives.

For integrity to achieve victory over despair, however, the person must first successfully negotiate a prior life stage conflict where the emotional experience of care arises through the victory of generativity over stagnation. This is said to happen between the ages of around 40 and 65. Generativity, the source of care, is sometimes considered synonymous with parenting. However within organisational contexts it is perhaps best understood as entailing mentoring future generations of employees and building sustainability in the interests of future generations. Without this, Erikson argued, the slide towards stagnation is likely to entail narcissistic self-absorption. It is further likely to entail not so much that frenetic rush towards reckless risk-taking which this document has linked to false prudence, but rather a throttling back into an easy and comfortable working life. Such an approach to work is likely to be quite disinterested in challenge and sacrifice, and is certainly unlikely to be proactively vigilant towards risk, or towards false prudence in others.

To possess a generative consciousness, then, is to take the longer term view. To experience generativity is to infuse consideration of the longer term with feelings of care. Linking prudence to this experience, rather than to an experience of charity per se, is helpful because it helps us to appreciate how the emotional experience of prudence can help us to make more balanced trade-offs between shorter and longer term considerations.
Conclusion

Prudence has been discussed in the preceding pages as:

(i) a fundamental commitment (within a person’s being and identity) to goodness and truth, which facilitates further ‘noble’ commitment to the virtues of fortitude, justice and temperance;

(ii) four qualities of mind which people should use and reflect upon more;

(iii) an astute psychological understanding which is vigilant towards false prudence;

(iv) an emotional experience of care linked to generativity;

How can prudence be promoted in these four aspects? First and foremost, organisations should recognise and very publicly reward prudence when it is displayed by employees. In so doing they will demonstrate that they want to help their employees achieve ethical wellbeing and fulfilment within their working lives. Moreover, such recognition and reward should demonstrate to employees that noble acts of candour will be protected. Many organisations have problems acknowledging the internal risks which arise through what their senior managers do and omit to do. Reward of prudence arguably holds the key to more effective handling of such risks.

Of course, promoting prudence can also entail training. This can communicate examples of prudence in action and how it has been rewarded. Furthermore, training can focus on the psychological understanding necessary for prudence to function. This document has drawn attention to four qualities of mind, and a rogue psychological pattern, which are likely to matter within every organisation. However, there is no reason why promoting prudence within specific organisational settings cannot focus on very specific cognitive biases which stand implicated in compromising clear-sightedness.

Finally, this discussion document ends with a question; in fact, a provocation. If we were to jettison the concept of risk culture altogether and simply think in terms of promoting prudence, could this be an improvement? Perhaps, for too long, risk culture has existed as a slippery and unengaging concept. In the final analysis, risk culture perhaps needs prudence to replace it; not augment it, because promoting prudence can accomplish everything we look to risk culture to achieve – and much more besides.
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