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## The role of character and sustained business success

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To speak of character and its role for sustained business success opens the view to the question of the *subjects* involved in business processes and their thinking, feeling, willing, acting and decision making. The role of my presentation therefore is to focus on the very subjective factors that traditionally are a topic of psychology.

### Technical vs. human solutions

Let me first speak of a temptation we should *not* succumb to: Today, we are used to find a “technical” solution for all sorts of problems – not only for technical problems but also for “human” problems. By “human” problems I mean problems of motivation, responsibility, integrity, but also problems of incapacity, greediness, laziness, of being without any commitment, of cognitive distortions caused by narcissism and so on. There is a great seduction to cope with problems originated by the subjects also exclusively technically.

Doubtless we can learn to communicate in a another way; we can invest in our performance and we can be trained to deal with difficult questions in a way that others don’t feel humiliated or devaluated; we can use assessment tests and apply technical solutions to avoid wastefulness or pollution. That’s all ok. Nevertheless it is one of our present time illusions that the subject-bound “human” problems mentioned before could be solved technically. Though it may cause discomfort we will have to rise and discuss the question for alterations that are the outcome of personal efforts and of a character based change and transformation.



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## Wishfulness vs. realism

Let me add another common illusion of today we should get aware of: By overcoming authoritarian ways of being related to others and to oneself we have learned that any confrontation with weaknesses and all sorts of criticism and being self-critical can have discouraging and demotivating effects. But now just the opposite takes place: We no longer are allowed to confront somebody with his or her limits, faults, deficiencies; the same holds true in regard to oneself – any self-critical attitude is obsolete; and more and more this also holds true in regard to economic, societal, social and political problems.

From a psychological point of view we in the first line have to cope with reality and not to minister somebody's vulnerability. To put it differently: We should not foster wishfulness but the capability for being related in a realistic way. We have to re-learn to look at reality in its ambiguity of good *and* bad, right *and* wrong. Such a realistic view we also need by analyzing the individual and the economic and societal expectations that are reflected in the strivings of each individual.

“Economic relations and business activities can either foster or obstruct human life and well-being” – this sentence is a quotation from “The Humanist Management Network's” program. It reflects the ambiguous impact economy and work situation has on the individual's psychic structure. The same is also valid concerning the fostering or obstructing effects character has on business activities and their success or failure. To make this interrelationship plausible I will have to introduce you in some ideas of the social psychoanalyst Erich Fromm who in his book “Man for Himself” nearly seventy years ago developed a distinct understanding of character.

## What is character?

Traditionally we use the term “character” to characterize a person (or a group, an animal or an organization) that behave in a typical and consistent way. In addition, we speak of “character” when we observe that a person likes to behave in such a way. These qualifications indicate an affinity to the term “personality” and they suggest the idea that the behavior is determined by inner emotional forces that make a person striving for and behaving in a consistent way. Independently of what the stimulus or the situation is, a character based behavior that is determined for instance by a strong caring character trait shows a passionate striving for caring. This caring trait characterizes this person and shows a consistency in all dimensions of behavior – in the way he or she is thinking, feeling, communicating, decision making, or acting.



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This understanding of character is close to the psychoanalytic concept of character as it is used by Erich Fromm – and very different to two popular understandings of character in our days. Especially if one admires and is longing for people with *character strength* one usually means by character a specific orientation, namely an authoritarian character trait. By “character strength” one imagines a person who knows what he or she wants and is able to come out on top, that is to say has dominating qualities. Actually the strength is nothing but the known sadistic trait of the authoritarian character orientation. This more or less veiled authoritarian concept of character one often finds in religious contexts and in fundamentalist’s circles where a reactionary solution is given preference.

But this still does not explain why the concept of character is so up to date again, in fact not only in academic and ethical discussions. One likes to speak of character and at the same time one is only interested in behavioral techniques and not at all in a character based behavior or in a distinctive character formation.<sup>1</sup> In my opinion the renaissance of the term “character” has to do with deep going changes in our life made possible by the digital revolution, by networking and by electronic media. They enable to abolish limitations and restriction but also traditions and security giving institutions and structures. A striving for delimitation and unboundedness characterizes many people and has its effects in globalization, flexibilization, the subjectivization of labor and a constructivist understanding of values and ethics (cf. Funk 2011; 2013). Zygmunt Bauman speaks of a “liquid modernity” and Richard Sennet of the “corrosion of character”.

Sennet’s “corrosion of character” expresses this new craving for “character” in speaking of a “corrosion.” From a psychological point of view the flexibilization of behavior and values is not a corrosion of character. It is at the most an unconventional formation of character with a passionate striving for an arbitrary self determination and a new understanding of freedom and autonomy. Those who experience the flexibilization only as a loss of orientation and security and who need boundaries, firm values and unshakeable regulations and institutions seek their salvation in a new estimation of character.

The concept of character we here are dealing with is a completely different one. Hence it would be a great misunderstanding if the mentioned longing for character would be seen as a recipe for business success. After these clarifications I

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1 For many years the term “character” was replaced by “personality” in the humanities. Fromm introduced in his “Escape from Freedom” the concept of authoritarian character and only 10 years later Adorno spoke of the authoritarian personality. Thus the term “character” for decades was only used in psychoanalysis.



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want to go on in discussing the psychoanalytic understanding of character.

## **The formation of character and its determinants**

If our behavior by and large is determined by our character traits and strivings, we have to ask for the determinants of character formation. What makes a person motivated to strive for competition, to be active or to prefer to wait for orders, to be enthusiastic for regulations and controlling or for being creative and unconventional?

Unlike Freud, Fromm saw character not as a result of instinctual drives but as the outcome of man's psychic needs being played out in a given historical situation. What we seek in our passionate character strivings is the result of a process of identification with economic and social values plus the requirements of a particular historical situation. Those requirements of living in all its dimensions – personal, interactional, societal, political, cultural and economic – are to be internalized and identified with, not because of our innate instinctual equipment but because of our existential need to be related to reality, to others and to ourselves. It is this necessity to be related from which the energy stems that makes us striving for.

What is so to speak given “by nature” is the need to be related and to form a psychic structure that replaces the instinctual organization by a character organization, while the manner of being related and the respective character formation is dependent on the requirements of living at a particular historical situation.

To express the same in another frame of reference: Fromm's idea is a permanent interrelationship between the subject – the individual – and the environment. The environment acts upon the individual by forming his character and the individual acts upon the environment by his character based behavior. Although any change in character formation takes time and causes resistances and conflicts within persons affected, any change on the one side has an effect on the other side.

Principally and as history teaches us, there are no limitations concerning the malleability of character: All ways of being related by character based behavior are possible regardless of the fostering or obstructive effects character has on the individual, on the stability of society, and on a successful or inefficient economy. Before discussing the question of fostering or obstructive character effects I have to mention one more terrific idea Erich Fromm developed. It refers to the relationship between the individual and society we are used to look at as facing one another.



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## Individual and social character

From the very beginning of his scientific work Fromm wanted to find out why *many* people are thinking, feeling and acting in similar ways. Concerning the individual the concept of character did explain, why particular life circumstances of an individual – for instance an insecure mother relationship, or the divorce of the parents, or the death of a sibling – led to a compulsive or anxious or over-protective character formation and a corresponding character based behavior.

Fromm's idea now was that the collective ways of life with their economic relationships and societal demands are also reflected in a character formation and lead to a second character formation in each individual. He called it "social character" which actually is a societal character – a character formation that let many people think, feel, and act in a similar way and thus is stabilizing the social, cultural and economic system.

The decisive point is the following: If two character formations take place in each individual and bring about an individual and a social character, then also economic requirements and societal demands are internalized in each individual and persuade this individual – and many others – to strive for what an economy and a society needs in order to stabilize its system. Hence, there are two fundamental realizations in Fromm's concept of social character: First, social character makes people "want to do what they have to do" (Fromm 1994, p. 82). And second, "Society and the individual are not 'opposite' to each other." (Fromm 2010, p. 58)

This very new look at the relationship between the individual and society aggravates the problem of whether the individual and social character formations have fostering or obstructive effects on the individual as well as on the many individuals and their striving for success. And it suggests the assumption that the fostering or obstructive effects may differ in regard to the individual character versus social character. There may be in an individual a conflict between the fostering effects of individual character and the obstructive effects of social character and vice versa. In that case a conflict arises in the individual that absorbs a lot of energy and results in a decreased motivation and efficiency. Basically, however, this new look at the relationship of individual and society allows the general statement: If both, the individual and the social character, have fostering effects, character based behavior leads to sustained economic success.

Discussing the role of character for economic success or failure amounts to the decisive question: What do we mean by fostering or obstructive effects of character based behavior? Again, Erich Fromm can assist to solve this problem from a psychological point of view by his distinction between a productive and a non-



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productive quality of character. At this the fostering effects correspond to the productive, the obstructive to the non-productive character orientation.

### **Productive and non-productive effects of character based behavior**

By productivity Fromm in the first line thinks of a psychic quality – a character orientation that has fostering effects on all dimensions of life – also in regard to our living together and to economic success. To ask for the role character plays for sustained economic success means to ask for the psychic productivity of those being involved in and are contributing to economic success. Hence we ask: What are the features of productivity and of a productive character orientation in psychological terms?

All psychological approaches lead to the same, very basic findings that *human growth and potency* are concomitant features of productivity. Hence productivity is associated with

(1) a successful development of *inner cognitive and emotional structures* – traditionally called “psychic” structure – that allows the individual to act as a subject. This psychic structure makes possible primarily two abilities

- the ability to clearly *differentiate*
- between what is me and what is not me
- between my imagination and reality
- between what is virtual and what is real
- between my wishes and whims and what is realistic
- between what is good and bad and right and wrong with me and with others
- between what can be changed and what is part of a non-historical condition of life

and

- the ability to *perceive and endure ambiguous cognitions and ambivalent feelings* within oneself as well as in others. Especially this ability today dwindles more and more away, since all has to be great and successful while any critical cognitions and burdensome feelings must be suppressed or denied.

There is another very basic finding in psychology that particularly was underlined by Fromm:



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(2) Productivity is a concomitant feature by *practicing one's own powers*. This holds true in regard to our bodily and intellectual-spiritual powers, yet particularly in regard to our *psychic* (or as we today prefer to say: *mental*) powers. If we do not use our muscles our physical power will diminish. If we do not practice our memory we lose the capacity to remember. (Actually, the more we write down instead of memorizing it, the more we become oblivious.)

The same basically holds true for our *mental powers*:

- If we do not practice our ability to imagine, we will become more and more fanciless.
- If we prefer to adopt what others have thought, we weaken our own power to think.
- If we would like nothing better than to sympathize with the emotions media offer to us, we will lose the contact to our own feelings.
- If we cannot sense any interest unless anything interesting is offered to us, we actually are bored and have lost our own powers of curiosity and interest.
- If we want and wish to *get* inspired, we in fact admit that we lost our ability to *be* inspiring.
- If we unlearn our ability to make own decision, we get more and more dependent on consultants, counselors and advisors.

There are a good deal more of own psychic powers – to be empathic, loving, creative, trustful, affirmative, honest, reasonable, self-assertive and so on – that like our *own* thinking, *own* feeling, *own* decision making, our *own* being imaginative, interested and inspiring can have fostering effects only if they are our *own* powers we are practicing.

Abilities and techniques that have not their origins in ourselves, that is to say are acquired, adopted, used, or consumed, can be very helpful and effective, but will lead to a non-productive character orientation presupposed our own psychic powers are *replaced* by them and therefore are not practiced any more.<sup>2</sup>

(3) The practice of one's own powers finally is reflected by Fromm in the central feature of any productive character based behavior: It results from an inner ac-

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<sup>2</sup> One can check this question quite easily by asking oneself: Who am I, if I have no access to my iPad or tablet? Who am I, if there is no electricity and also no battery powered electricity? Who am I without access to the Internet? If then I am still able to get involved with myself and if others still mean something to me, I am still able to live out of my own psychic powers.



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tivity and can be recognized by its activating and energizing effect. By practicing one's own powers one experiences an "activeness," where – I am quoting Fromm – "I and my activity and the result of my activity are one. I call this non-alienated activity 'productive activity'," while all "alienated activity, in the sense of mere busyness, is actually 'passivity'" (Fromm 1976, pp. 91f) and has a "passivating" and exhausting – in the final analysis, an obstructive effect.

Since "integrity" at this conference is discussed as a key to enduring business success I want to close my presentation with some reflections on "integrity as a feature of human productivity".

### **Integrity as a feature of human productivity**

Though the term "integrity" has many facets and the English "integrity" seems to be more distinct than the German "Integrität," the psychological dimension of the term is quite close to a productive character orientation by practicing one's own powers. The development of inner cognitive and emotional structures and the practice of one's own powers are not only conducive to sense one's own identity independently from being part of others or from using others to be oneself. „To the extent to which an individual is potent, that is, able to realize his potentialities on the basis of freedom and integrity of his self, he does not need to dominate and is lacking the lust for power." (Fromm 1941, p. 162.)

By sensing one's own self one feels free and independent and powerful by integrating and expressing one's own powers, including one's own emotional, bodily and sensuous powers. „We believe that the realization of the self is accomplished (...) by the realization of man's total personality, by the active expression of his emotional and intellectual potentialities. These potentialities are present in everybody; they become real only to the extent to which they are expressed. In other words, *positive freedom consists in the spontaneous activity of the total, integrated personality.*" (Fromm 1941, p. 258.)

This autonomous sensing of one's own integrated self brings along a distinct sensing of integrity concerning the relationship to others and to oneself. In regard to others "integrity simply means a willingness not to violate one's identity" (Fromm 1968, p. 84). To violate others by using and exploiting them or by forcing and humiliating them and making them dependent indicates that the integrity of another human being is not respected. It will have effects of disintegration and hence obstructive effects on economic success.

Yet our present problem of integrity is aggravated by the subjectivization of labor, where all responsibility is attributed to the employee while any employment protection is abolished. This leads to a self-exploitation which affects all



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parties involved in economic processes. Self-exploitation brings about not only burnout leaders but abolishes any sense of integrity in regard to others and particularly in regard to oneself. The boundless striving for an *economic* success regardless of its obstructive effects on *human* success – that is to say on a productive character orientation – is in fact the opponent of all efforts done by any humanistic management.

Yes, integrity is the key to enduring business success. But from a psychological point of view, integrity is also the most threatened aspect of personality and character and hence a real challenge.

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