

From Kalokagathia to Philotimo: Connected Ethics in Modern Greek Cooperatives

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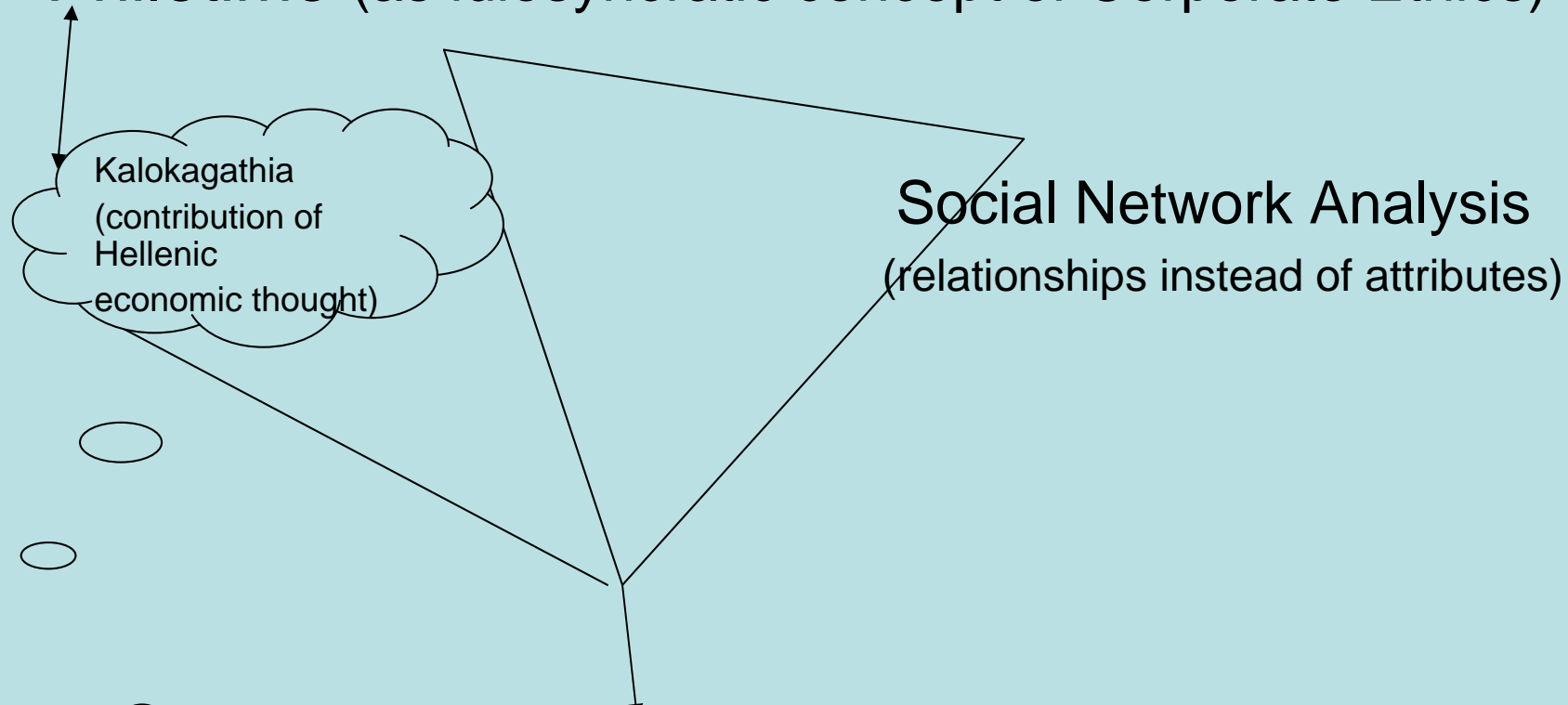


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T. Katerinakis, Drexel University

An Abstraction

Philotimo (as idiosyncratic concept of Corporate Ethics)



- **Cooperative Banking (Social Economy)**

Kalokagathia meets philotimo?

- **The Greek value system since antiquity offers insights** on *atomistic behavior, private ownership of property and its protection, the division of labor, free foreign trade, exchange value, money and interest, and policy issues* using the ideas of Hesiod, Democritus, Plato, Xenophon, Aristotle and others (Doukas, 2007; Petrochilos, 2002).
- Originally, kalokagathia uses human physique (*kalos*) in pair with virtue, justice, and wisdom (all in *agathos*) that emphasizes the moral responsibility found in Homer's texts. **The pragmatic content of the concept suits to a community organized** on the basis of scattered individual households to defend against enemies (of the time) in a society with a “shame culture”.

Yunus- Ostrom: social ...cooperation

"for their efforts to create economic and social development from below"



Photo: N.A. Mamun



Grameen Bank

- "... and **doing good to people and the world**. Each type of motivation will lead to a separate kind of business. ... Social business will be a new kind of business introduced in the market place with the objective of making a difference in the world. **Investors in the social business could get back their investment, but will not take any dividend from the company.** Profit would be ploughed back into the company to expand its outreach and improve the quality of its product or service. A social business will be a non-loss, non-dividend company."

(Muhammad Yunus, 2006)

- [AS] Would you say broadly though **that self-organization should be used and trusted more than it is now?** That society should move towards trying to implement self-organizing structures?

"for her analysis of economic governance, especially the commons"



Photo: U. Montan

- [EO] Yes, but not **with a formula**. So there are many, many efforts now to decentralize and they create a rigid formula and give people rules from on top and say, 'Now it's yours.' And that isn't worked very well either.

(Elinor Ostrom, 2009)



Homer's Iliad

Achilles obeys, but announces that he will no longer fight for the Greeks, and returns. Overcome by grief, from the death of Patroklos went back.

Both Achilles' departure from battle and his return to it are prompted by matters of the heart, but also of honor, respect, generosity and sacrifice. In the first instance, the dishonor of losing Briseis prevents him from continuing to fight in the common effort of the Greeks; in the second instance, honor and pride demands that he leads again the battle (for his friend and the Greeks).

- **One of the most famous scenes** in Greek literature occurs in book Book One of the Iliad. Agamemnon, commander of the Greeks, is forced to give up Chryseis, because she is the daughter of a priest of Apollo. The only way to lift the plague is to give her up, which Agamemnon, a man of duty who sacrificed his youngest daughter to make the expedition against Troy possible, duly does.
- **Psaropoulos John**, "From Homer to co-ops", BusinessFile, Dec 2009

Philotimo in Greek society



Ο Ρωμιάς Έχει Φιλότητι [1968]



*Military oath: Ορκίζομαι να φυλάττω
πίστη εις την πατρίδα...*

*To conduct my life, at large, as a faithful
and “philotimos” soldier*

*<Και να διόγω εν γένει ως πιστός και
φύλιότημος στρατιώτης>*

*I met people with guts, dignity, and philotimo.
People that opened their door neglecting the risk they were taking
for themselves.*

*Συνάντησα ανθρώπους με μπέσα, λεβεντιά και αξιοπρέπεια.
Ανθρώπους που μου άνοιξαν την πόρτα τους, μου παρείχαν κάλυψη και
βοήθεια, χωρίς συχνά να λογαριάζουν το ρίσκο που και οι ίδιοι έπαιρναν.*

A notorious fugitive prisoner (Palaiokostas, 2010)

<http://www.enet.gr/?i=news.el.article&id=127064>

*Public Issue, Metron Analysis Polls:
6 out of 10 Greeks are willing to sacrifice
“parts” of their prosperity, in order to accomplish
economic stability.*

*In other words national philotimo and
economic patriotism seem to prevail...*

http://www.ellispoint.gr/index.php?option=com_resource&controller=article&article=1291&Itemid=21



Connected the surprising power of social networks and how they shape our lives (Christakis & Fowler 2009)

Power in Numbers

Social ties, rather than money, were used as *collateral* and could be used to *guarantee a loan*.



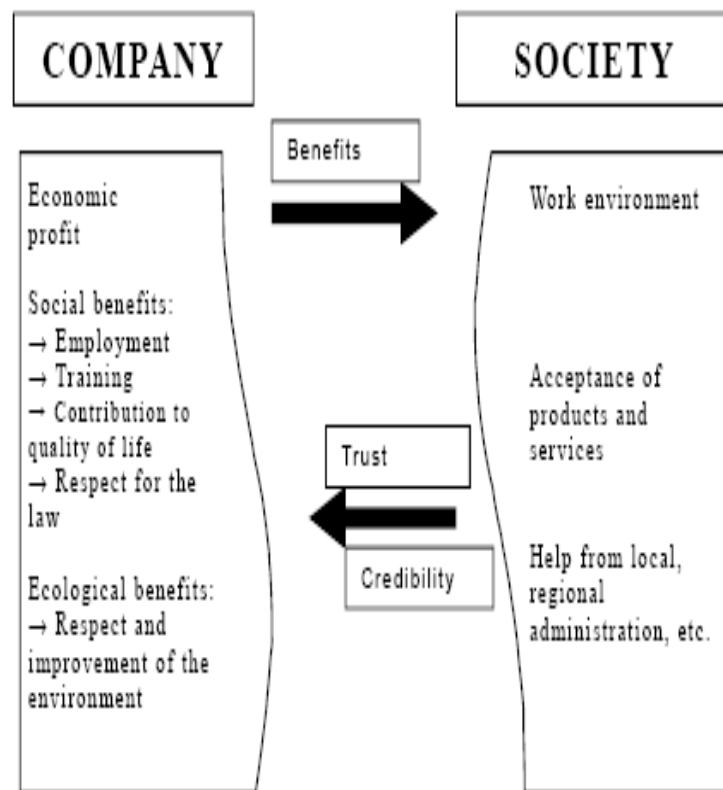
Yunus founded the Grameen Bank which now fosters social networks which

- optimize trust
- connect groups through weaker ties
- help find creative solutions through connections

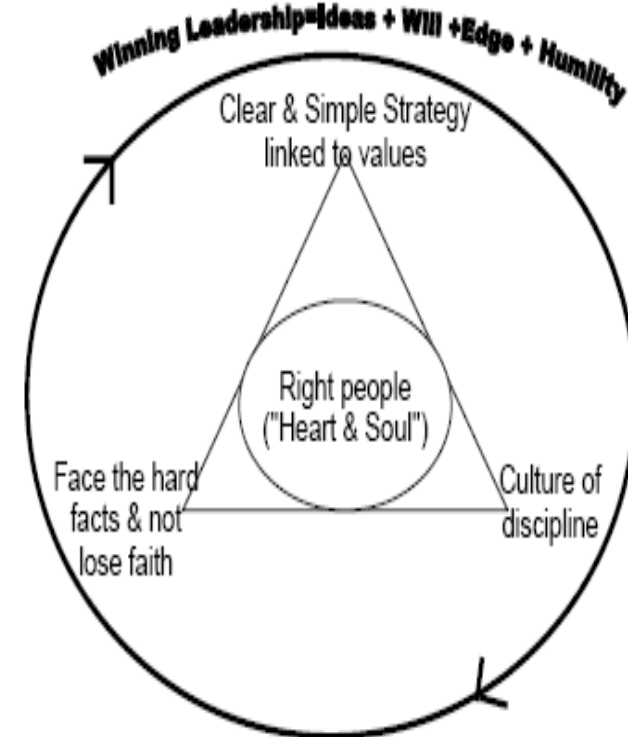
Photo by Inkyhaski, Flickr

Companies in Society

A Company's Moral Contract (García Marzá, D., 2004).



The system of "Champion Companies"



The classics: an equilateral triangle of harmony

- Aristotle provides the methods and the desire of learning (as a multi-disciplinary personality)

Systems theory foundations

Plato:
the ethical dimensions
in the argument

Dialectic argumentation

Isocrates: balance for vocational efficiency

(Isocrates used the capacities of the two others to re-address the issue of persuasion from within an organization and its publics)

Connectedness as of



Tasha Bock, James H. Fowler, Nicholas A. Christakis (2009)

The Human Superorganism

The Strength of Weak Ties

Strong ties affect people more deeply.
Weak ties often link more people.



Photo by Johnraiser, Flickr

"Bridge" members have many weak ties to members outside their group.

Cooperation is key.

Networks of cooperation can lead to self-sustaining "organisms," whether it be **cells in a human body** or **human bodies in a neighborhood!**



Photos by adigu and paniney and Editor, Flickr

Philotimo in Greek collective self

- In Greek culture “philotimo” is a central value (Kostoulas, 2008; Skyftou, 2005; Hoban et al, 2004; Koutsantoni, 2004; Triandis, 2000; Mavreas et al, 1989; Kourvetaris, 1971; Vassiliou et al, 1966), a non translatable and unique conscious **“arete” of honor and pride (with a rational capacity of *logos*), with the basis of empathy for others, as expressed through acts of generosity and sacrifice (building *pathos*).**
- Philotimo may boost people to do more than what is expected. Hence, philotimo is a life principle for Greeks; it is interpreted as **love for honor, honor “to show” to the others and honor “to receive” from the others**, a characteristic of intense in small communities of the Greek periphery.
- It is a case of an ideal occurrence where participants generally accept a norm based in the foundation of that normative society, as defined by Habermas (1990, pp.182-183).

Philotimo as a virtue ...

- Furthermore, the three central concepts of virtue ethics ***virtue, practical wisdom and eudaimonia*** are comprehensible, objective, and empirically truthful (Held, 1980; p.331) in various manifestations of philotimo.
- It is a virtue that matches **with credibility**, with the tendency to cooperate and the ritual of keeping your word (face and commitments) **without reserving it in a contract**; it is a way of life with *ethos*, consistent with the teleological approach of Aristotle.
- Philotimo has its anthropological roots in the “**poetics of manhood**” (Herzfeld, 1991; p. 8) that are easily observable in micro-communities of the Greek periphery, like Crete, and challenged by various categories of non European foreigners residing and working in contemporary Greek society (Petronoti, 2003).
- **Philotimo cultivates a reflective fabric of “pay-it-forward” ties.**

Philotimo in Greek folk life

Mantinades are folk rhyming couplets very popular in the island of Crete. E.g.:

- *Wherever a shepherd is that is where to find manhood, generosity, philotimo, sentimentality, and captainship (hegemonic status).*
- *A man of philotimo deserves respect and nothing humiliates him but death.*
- *Cretan philotimo and the art of hospitality Are virtues that people take value of.*
- *A man of philotimo deserves respect and nothing humiliates him but death.*
- *After “apologize” was invented, philotimo was lost.*

This cultural perspective includes (Jones, 2007):

- learning values; i.e. dominant beliefs and attitudes,
- following rituals; i.e. collective activities,
- modeling against role models, and
- understanding symbols.

Cross-cultural differences

Cultural dimensions of Hofstede (2005) and Hall (1997) in management practices and business environments:

- **Power Distance (PD):** describes the extent to which unequal distribution of power and wealth is tolerated. This can be determined by the level of hierarchy in workplaces and distance between social strata.
- **Masculinity (MF):** refers to the degree to which stereotypical masculine traits like authority, assertiveness, performance and success are preferred to female characteristics like personal relationships, quality of life, service and welfare. In the first case autocratic authority is promoted *where as, in the second case, people spend more time on relationships and personal ties.*
- **Uncertainty Avoidance (UA):** measures the extent to which people are threatened by a lack of structure or by uncertain events; how people will deal with the future, whether they have inherent control, or whether events are of fatal realization. Hofstede found Greece to have the lowest UA score. Therefore, people in Greece will be unwilling to make decisions and they will require very structured work routines.
- **Individual and Collective orientation (IC):** determines whether people prefer to work alone or in groups. It indicates the degree of social and community integration.

These dimensions may reflect the mindset of philotimo in the Greek managerial practice.

Trust as a bond of collective self

- Trust is described (Salem, 2009; p. 73) as reflex, as a **fixed expectation of culture**, sometimes as being learned and situational.
- Trust is also considered as a resource of - social capital, power, and social support; an “***interaction variable leading to a probability to engage [the] (an)other***”. This type of engagement is in the hardcore of business relationships, especially in the banking sector.
- In cooperative banking, trust is the intangible connection that guarantees concrete membership relationships.

Cooperative and Social Economy and International Cooperative Principles

- The traditional Greek value of *philotimo* is the origin of security and status that are very important for Greeks in business, as well as the need for self-esteem (Bourantas & Papadakis, 1996). These cultural traits explain to an extent the “small, family-owned firm” phenomenon in Greece.
- In such a format business ventures somehow deal more with *agape* and altruistic behavior, accountability, professionalism, symmetry in action and impact, and put in act the heart of survival as a “*collective entity with a common destiny*” to rediscovering community (Muel, 2004). The same notion seems to be the cultural foundation recognized with a Nobel Prize for the institution of Grameen Bank with 7m borrowers (Yunus, 2006).

Principles of cooperatives (ICA)

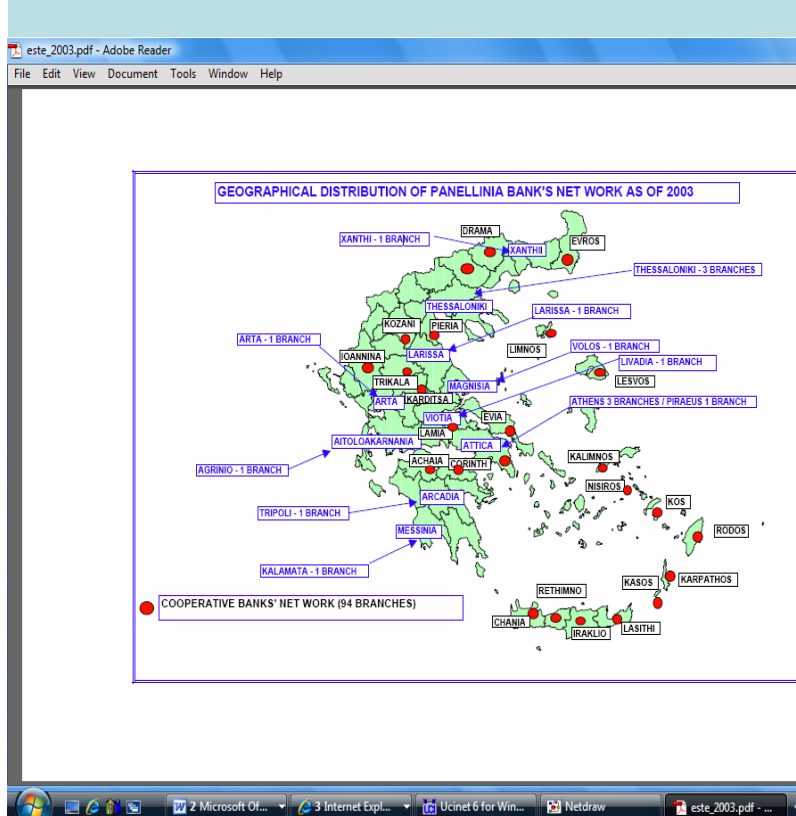
- Voluntary and open membership
- Democratic control by members
- Member economic participation
- Autonomy and independence
- Education, training and information
- Cooperation among cooperatives
- Concern for the community

Network Principles and Cooperatives

IPA as a notion is complemented by the principal cooperative values of self-help, self-responsibility, democracy, equality, equity and solidarity and facilitates the adjustment of Wellman's network analytic principles (1983):

- *“Ties are often asymmetrically reciprocal, differing in content and intensity”.*
- *“Ties link network members indirectly as well as directly; hence ties must be analyzed within the context of larger network structures”.*
- *“The structuring of social ties creates nonrandom networks: so boundaries, network clusters and cross linkages arise”*
- *“Cross linkages connect clusters as well as individuals”* (the nodes can be clusters of ties, groups, nation-states or other discrete units)
- *“Asymmetric ties and complex networks distribute scarce resources separately”* (resources do not flow evenly or randomly in a social system; non-symmetric connections and fragmented subgroups of nodes direct the flow of resources)
- *“Networks formulate collaborative and competitive activities to secure scarce resource”* (antagonism for allocation of resources is inherent in the social system. Competition for resources may be the source of social change)

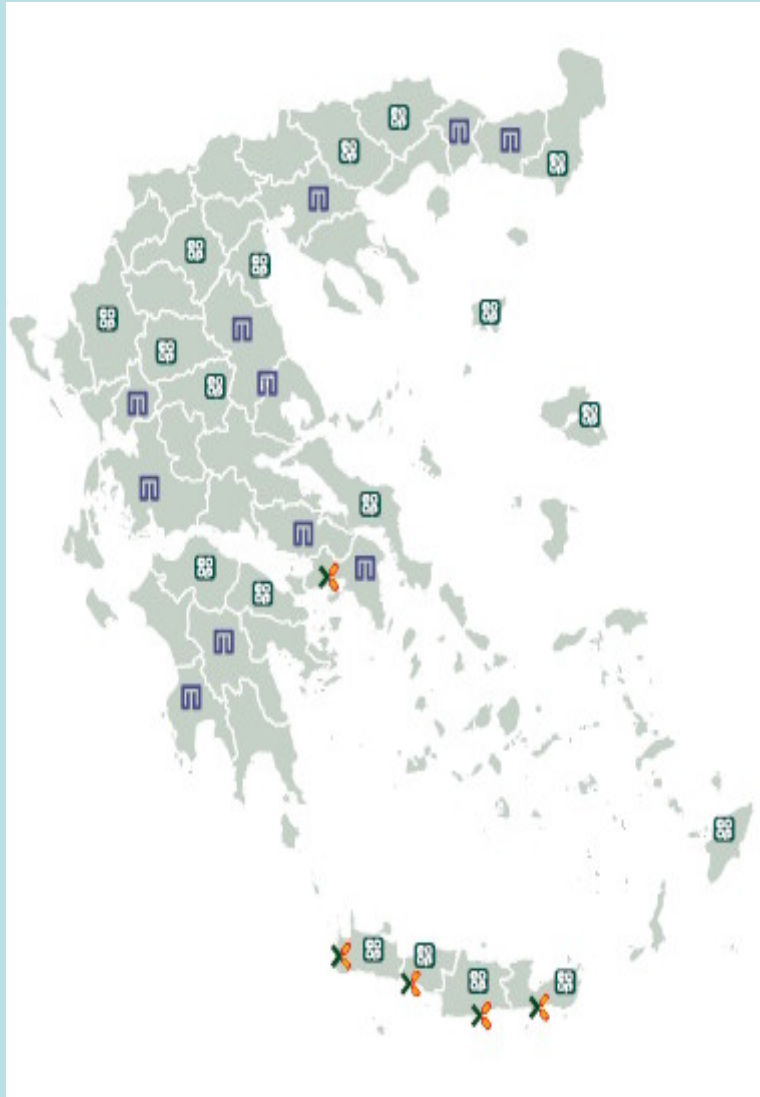
Cooperatives “A strong link with local people” in a sustainable way (Alexopoulos, 2006)



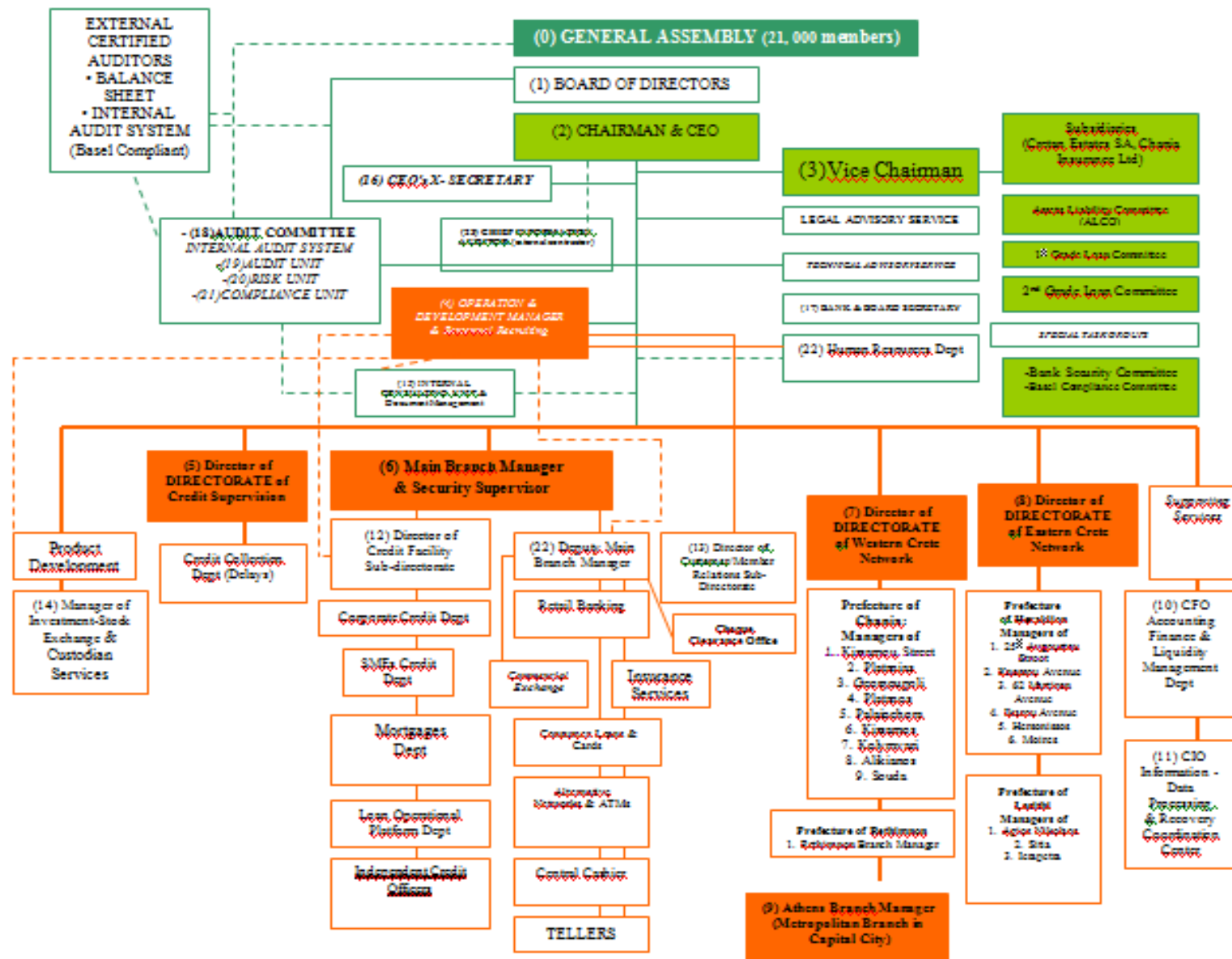
In ethical terms, cooperative banks challenge philotimo of local communities and promote it as a value incentive.

Homophily is cultivated creating social capital (Lin, 1999), as similarity and institutional familiarity with the notions of “being in cooperation” and synergy.

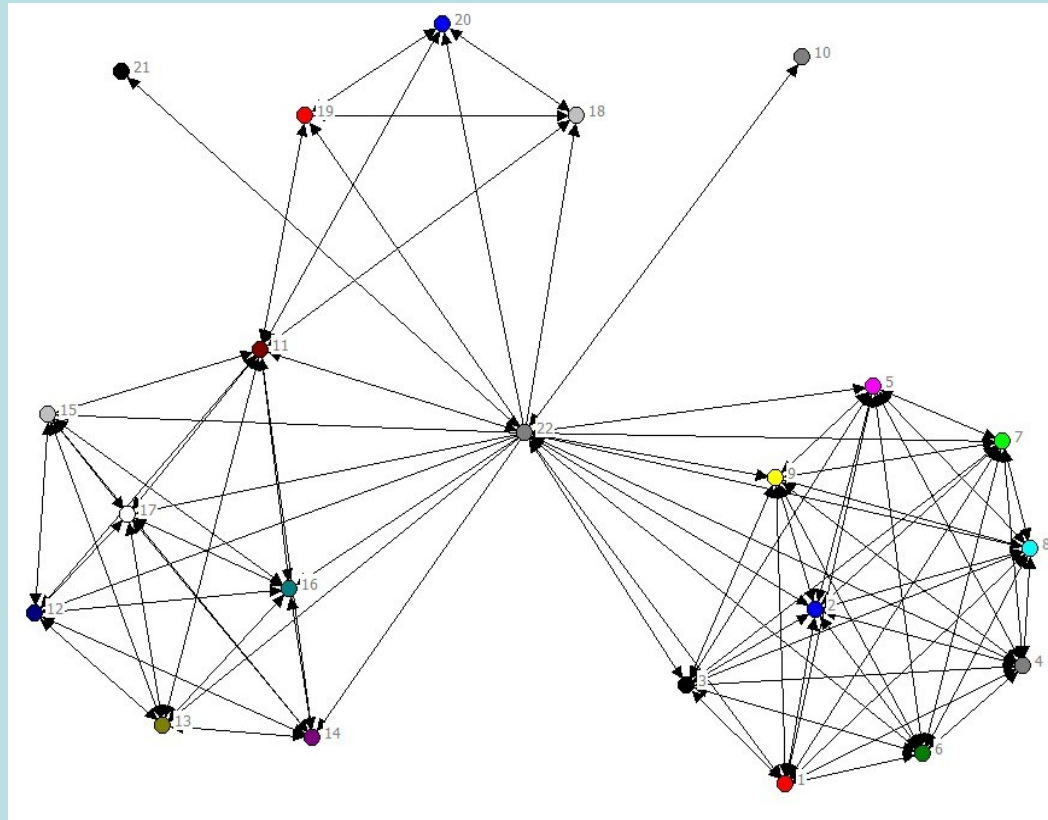
Cooperative Bank of Chania



CBC's Organization Chart is evolving



Social Network Analysis using UCINET



Intra-bank network of Cooperative Bank of Chania (2007) and the Inclusive Partnership Approach (Thomas, 1997)

UCINET software by Hanneman & Riddle (2003) is one of the standard tools used by “The International Network of Social Network Analysis”.

CBC operates...as social business

- The CEO of CBC underlined that *“in 16 years cooperative identity made the difference based on self-assistance, equity, solidarity and communal responsibility; with no deviation from our principles CBC evolved in competition by utilizing its size with flexibility. It was not a highway but a footpath coupled with humans as our capital.”*
- The crystallization of economic thought with an ethical value system is implemented in the concept of kalokagathia. **Applying this concept in developing interpersonal relationships based on mutual respect of oral commitments, trust, pride and honor the virtue of philotimo is emerging** (Ioannou, 2009).

Three are the primary attributes of social entrepreneurship that boost stability and growth for CBC:

- (1) deep knowledge of local environment, people, and their relations
 - (2) hands-on engagement with the economic and social life for employees and customers
 - (3) referral trust and solidarity, crucial for self-employed individuals and small-medium size enterprises living in Crete. At a community level as living in affinitive local societies, members of CBC transform their cultural values to ethical – originally meaning *daily-expected* – traits when they decide to register, pay the ticket-share and start doing business.
- This is an Aristotelian ideal that **“we are what we repeatedly do”**. The core value of Greek *“philotimo”* safeguards integrity and performance in Cretan society, as an enthymeme of a social added-value.
 - CBC ethical and a benefit dimension makes it sustainable.

Concluding Remarks

- The Greek (Commercial) Banking System is generally considered as social responsible in the past decade (Arapoglou in HBA report, 2008; p. 51). But cooperative banking is the conscience in the Greek periphery, as...
- The network fabric is responsible for holding local communities tight together, when “value”, “success”, and “philotimo” are among criteria of action for individuals.
- If “*happiness is a network phenomenon*” (Fowler & Christakis, 2008) then member participation-satisfaction has a contagious effect in the networked cooperative.
- Thus, a complete social network approach has to determine what *members* think of their co-operative, how do *they* value its performance, in which ways *they* understand that it meets *their* needs, and how *central* a cooperative bank is in *their* strategic approach for self-sufficiency and sustainability in local communities.

Philotimo documented...in NPR

- All things considered, Shapiro (Aug, 2007)
“At Home on the Island of Warmth and Hospitality”

<http://www.npr.org/templates/player/mediaPlayer.html?action=1&t=1&islist=false&id=12359170&m=12359171>

(after 4.24 min)

- In Crete, people are known for the generosity and hospitality they show strangers.



*(...): Money and beauty and power can have nothing to do, have no place when philotimo's involved, because philotimo **is about offering of yourself, expect nothing in return, and only because you want to create, perhaps, beauty or a wonderful moment for somebody because you're inspired to do it.***
(Ms. Katerina Taiganides De Ezcurra live in NPR)

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