



# Humanism in Business

**Edited by**

Heiko Spitzzeck

Michael Pirson

Wolfgang Amann

Shiban Khan

Ernst von Kimakowitz

CAMBRIDGE

CAMBRIDGE

[www.cambridge.org/9780521898935](http://www.cambridge.org/9780521898935)

This page intentionally left blank

## Praise for *Humanism in Business*

Values make a difference. For the most part, having a ‘purpose beyond profit’ has proven one of the best ways for a company to be profitable and socially valuable. Some of the earliest socially responsible businesses achieved this purpose beyond profit from the religious convictions of their founders. In this more secular age, there are many who will be interested in how such values translate into the pragmatic, success-oriented business environment of today. Those seeking a rigorously academic study from an avowedly humanistic perspective will find a wealth of food for thought in *Humanism in Business*.

**Mallen Baker**, *CEO Business Respect and Development*  
*Director for Business in the Community in the UK*

This book is a most crucial and insightful collection showing persuasively how humanism can be practiced creatively at the core centre of economic development policy agenda, not being a rhetorical flourish but the fundamental basis of economic prosperity and sustainability. Many contributors to this collection illuminate the role of business within society and its potential as a life-serving organ for positive social change. It offers an intriguing blueprint for how the world would be better with a more life-conducive economic system. A must-read for world policy leaders of the future.

**Kriengsak Chareonwongsak**, *Member of Parliament, Thailand*

This book stresses the theme of humanism in business in terms of seeking the goal of sustainability, not only in terms of the earth’s resources, but also in terms of relationships to all the contributors to the creation of wealth. Call it sustainability plus.

**Paul Lawrence**, *Professor Emeritus, Harvard Business School*


The notion that “humanism in business” is an oxymoron is nonsensical, discredited by both history and logic. Ultimately, business – the centralization and utilization of physical, financial resources, human energy and intellect within organizations great and small – has the societal function of providing the goods and services essential for

human survival and well-being. How this function is fulfilled has varied greatly over time and place. An important factor in determining the “how” are the values which underlie the society and are manifested in the operations of its business institutions and those who lead them. The editors and authors of this creative volume demonstrate convincingly that business activity in the twenty-first century is not, and cannot, be governed by mechanistic markets operating autonomously of broader societal values and expectation. It is our humanistic traditions developed over millennia from philosophical, religious and cultural sources that in the final analysis define the appropriate role of business in society. Congratulations to the editors of this volume for underscoring this point so convincingly.

**Edwin M. Epstein**, *Professor Emeritus, International and Area Studies and Haas School of Business, University of California, Berkeley*

In the last few decades business has become increasingly aware that shareholder value cannot be the only indicator for success. Sustainable development and corporate social responsibility (CSR) concepts attempt to address negative trade-offs. But at the heart of the matter stands a humanistic attitude, an ethical stance towards all we do, be that in business or as private individuals.

**Claude Martin**, *former Director General, WWF International*



## *Humanism in Business*

What is the purpose of our economic system? What would a more life-serving economy look like?

There are many books about business and society, yet very few of them question the primacy of GDP growth, profit maximization, and individual utility maximization. Even developments with a humanistic touch like stakeholder participation, corporate social responsibility, or corporate philanthropy serve the same goal: to foster long-term growth and profitability. *Humanism in Business* questions these assumptions and investigates the possibility of creating a human-centered, value-oriented society based on humanistic principles. An international team of academics and practitioners present philosophical, spiritual, economic, psychological, and organizational arguments that show how humanism can be used to understand, and possibly transform, business at three different levels: the systems level, the organizational level, and the individual level. This groundbreaking book will be of interest to academics, practitioners, and policymakers concerned with business ethics and the relationship between business and society.

HEIKO SPITZECK is a lecturer at the Doughty Centre for Corporate Responsibility, School of Management, Cranfield University.

MICHAEL PIRSON is a lecturer at Harvard Extension School and a research fellow at the Hauser Center for Nonprofit Organizations, Harvard University.

WOLFGANG AMANN is Executive Director of the MBA program at the University of St. Gallen, Switzerland.

SHIBAN KHAN is Senior Researcher at IMD, Lausanne, Switzerland.

ERNST VON KIMAKOWITZ is studying for a PhD at the Institute for Business Ethics of the University of St. Gallen, Switzerland.



# Humanism in Business

*Edited by*

HEIKO SPITZECK

MICHAEL PIRSON

WOLFGANG AMANN

SHIBAN KHAN

ERNST VON KIMAKOWITZ



**CAMBRIDGE**  
UNIVERSITY PRESS

CAMBRIDGE UNIVERSITY PRESS

Cambridge, New York, Melbourne, Madrid, Cape Town, Singapore, São Paulo

Cambridge University Press

The Edinburgh Building, Cambridge CB2 8RU, UK

Published in the United States of America by Cambridge University Press, New York

[www.cambridge.org](http://www.cambridge.org)

Information on this title: [www.cambridge.org/9780521898935](http://www.cambridge.org/9780521898935)

© Cambridge University Press 2009

This publication is in copyright. Subject to statutory exception and to the provision of relevant collective licensing agreements, no reproduction of any part may take place without the written permission of Cambridge University Press.

First published in print format 2009

ISBN-13 978-0-511-51232-2 eBook (Adobe Reader)

ISBN-13 978-0-521-89893-5 hardback

ISBN-13 978-0-521-72762-4 paperback

Cambridge University Press has no responsibility for the persistence or accuracy of urls for external or third-party internet websites referred to in this publication, and does not guarantee that any content on such websites is, or will remain, accurate or appropriate.

# Contents

<i>List of figures</i>	page x
<i>List of tables</i>	xi
<i>List of editors and contributors</i>	xii
<i>Acknowledgements</i>	xxviii
<i>Humanistic Management Network: paving the way towards a life-serving economy</i>	xxix
Introduction	1
<b>Part 1 Philosophic-historical grounding of humanism</b>	<b>13</b>
1 Philosophical grounds of humanism in economics JULIAN NIDA-RÜMELIN	15
2 The humanist tradition MATT CHERRY	26
3 Humanism and culture: balancing particularity and universalism among the world's religions GREG EPSTEIN	52
4 A requisite journey: from business ethics to economic philosophy CLAUS DIERKSMEIER	68
5 The global economy from a moral point of view STEPHEN B. YOUNG	84
6 The implications of humanism for business studies OMAR AKTOUF AND W. DAVID HOLFORD	101
7 Current trends in humanism and business DOMÈNEC MELÉ	123

<b>Part 2</b>	<b>Towards an integration of humanism and business on a systems level</b>	<b>141</b>
8	Towards a civilized market economy: economic citizenship rights and responsibilities in service of a humane society PETER ULRICH	143
9	Development as freedom: individual freedom as a social commitment AMARTYA SEN	156
10	On corporate responsibility for human rights KLAUS M. LEISINGER	175
11	The value shift: merging social and financial imperatives LYNN SHARP PAINE	204
12	The ugly side of capitalism: what the young generation needs to combat ULRICH STEGER	218
<b>Part 3</b>	<b>Humanistic management</b>	<b>227</b>
13	Democratizing the corporation ALLEN L. WHITE	229
14	Social entrepreneurship: a blueprint for humane organizations? MICHAEL PIRSON	248
15	Humanism at work: crucial organizational cultures and leadership principles CLAUDIA PEUS AND DIETER FREY	260
16	Positive organizational scholarship: embodying a humanistic perspective on business MIGUEL PEREIRA LOPES, MIGUEL PINA E CUNHA, STEPHAN KAISER, AND GORDON MÜLLER-SEITZ	278

17	Corporate sustainability as an indicator for more humanism in business? A view beyond the usual hype in Europe	299
	OLIVER SALZMANN, AILEEN IONESCU-SOMERS, AND ULRICH STEGER	
18	Changing direction: corporations as ambassadors for the environment?	309
	OLIVER RAPF	
<b>Part 4</b>	<b>The individual as a change agent for a humane business society</b>	<b>329</b>
19	Ethical codes at work	331
	ADRIAN HENRIQUES	
20	The daunting challenges of globalization and the power of individuals in cross-stakeholder networks for a humanistic face of globalization	341
	JEAN-PIERRE LEHMANN	
21	The leader as responsible change agent: promoting humanism in and beyond business	358
	THOMAS MAAK AND NICOLA PLESS	
22	Quiet leadership – a way to sustainable positive change	375
	JOE BADARACCO	
23	Everyone a changemaker: social entrepreneurship’s ultimate goal	388
	WILLIAM DRAYTON	
24	Social business entrepreneurs are the solution	402
	MUHAMMAD YUNUS	
25	Concluding observations	413
	ERNST VON KIMAKOWITZ, MICHAEL PIRSON, HEIKO SPITZECK, WOLFGANG AMANN, AND SHIBAN KHAN	
	<i>Index</i>	428

# Figures

A.1 Humanistic Management Network’s integrated approach for a more life-serving economy	<i>page xxx</i>
5.1 The variety of moral points of view	86
5.2 Dynamics of the stewardship ideal	99
8.1 Ethical reason vs. economic rationality	145
8.2 The two-dimensional concept of socio-economic rationality	146
8.3 The dual empowerment function of (socio-) economic citizenship rights	152
10.1 The hierarchy of corporate responsibilities	192
10.2 Corporate human rights management cycle	194
11.1 Accountability matrix	211
13.1 Resource providers to the corporation	234
13.2 Expected returns to resource providers	235
13.3 Models of corporate boards	241
14.1 Types of social enterprises	253
16.1 Focus of analysis of critical management theory, humanistic approaches, and POS	292
18.1 Humanity’s ecological footprint, 1961–2003	310
18.2 Three ecological footprint scenarios, 1961–2100	311

# Tables

15.1 Center of excellence cultures	<i>page</i> 263
15.2 Principles of leadership	268
16.1 Main research topics in POS	282
16.2 Contributions of POS to a humanistic perspective on business	285

# *Editors and contributors*

## **Editors**

### *Wolfgang Amann*

Wolfgang Amann is a member of the faculty of the University of St. Gallen and Executive Director of the MBA-HSG. He co-founded Humanistic Management Network in 2005. He previously taught at Henley Management College in Henley-on-Thames, UK and IMD (International Institute for Management development) in Lausanne, Switzerland. He has also held visiting academic positions at the Wharton School of the University of Pennsylvania, the Indian Institute of Management (IIM) in Bangalore, and Hosei University in Tokyo. He has directed, delivered, and contributed to open and in-company programs, as well as courses on strategy, internationalization, governance, and sustainability in the US, Europe, China, India, and Japan. He has (co-) authored more than seventy case studies for these programs, with his case series on Hindustan Lever in India winning the 2006 oikos Sustainability Case competition. He received two teaching awards (in 2006 and 2007), when his course “Corporate Strategy and Governance” was chosen as the CEMS course of the year of all CEMS business schools in seventeen European countries. Wolfgang Amann’s primary expertise relates to successful internationalization and sustainability strategies. His special emphasis within humanistic research lies in broadening strategic and organizational goal systems, as well as creating innovative but feasible win-win-win situations for employees, organizations, and society.

### *Shiban Khan*

Shiban Khan leads the research initiative on Access to Medicines in India at IMD, Switzerland, and is a co-founder of Humanistic Management

Network. She is also a visiting tutor at Henley Management College, UK. She has served as the executive director of oikos International, a student-driven organization that focuses on integrating sustainability into management education. Shibani has worked on sustainability and development issues in Europe, North America, and South Asia. Her research interests lie in a contextual focus on sustainability, social trusteeship theory, purpose-driven environmental communication, and comparisons between the Eastern and Western ethos in humanistic business principles. With a Master's in Environmental Studies from the University of Pennsylvania, she is currently completing her PhD at the University of St. Gallen on the connotation of corporate sustainability in the Indian context.

### *Michael Pirson*

Michael Pirson is a co-founder of Humanistic Management Network. He received his PhD in Organizational Behavior from the University of St. Gallen, Switzerland. He is currently a lecturer at Harvard Extension School and a research fellow at Harvard University, researching organizational trust and well-being. In his teaching, he focuses on management dilemmas in the twenty-first century and social entrepreneurship as a model for humanistic management. Before receiving his doctorate, Michael worked in international management consulting. He also gained experience in the political arena while working on Hillary Clinton's Senate campaign, and has started several social enterprises in the area of economic development. He currently serves on the board of three NGOs based in the USA.

### *Heiko Spitzbeck*

Heiko Spitzbeck is a lecturer at the Doughty Centre for Corporate Responsibility at Cranfield University School of Management. He has been a visiting scholar at the University of California at Berkeley and a researcher at the Institute for Business Ethics at the University of St. Gallen, Switzerland. He co-founded Humanistic Management Network in 2005 and leads current research projects related to humanism and business. Between 2004 and 2006, he served as a director of oikos International. His research looks at organizational behavior, especially learning and innovation from business and society

interactions. Before starting his academic career, Heiko worked for the international consulting firm Accenture in Munich. He studied European business studies at the Universities of Bamberg, Germany and Seville, Spain.

### *Ernst von Kimakowitz*

Ernst von Kimakowitz is currently pursuing his PhD at the Institute for Business Ethics of the University of St. Gallen in Switzerland. The title of his thesis is “The Interaction between Transnational Corporations and Small and Medium-sized Enterprises in Developing Economies.” He also works as an independent consultant on projects related to corporate social responsibility and economic development. His mandates include consulting engagements for the United Nations Conference on Trade and Development (UNCTAD), as well as for various private sector clients. For five years he was with an international management consulting firm in London, England, working in various industries. He holds an MSc (Econ.) from the London School of Economics and Political Science (LSE). His undergraduate studies were in political science and business administration at the Johannes Gutenberg University of Mainz, Germany and the Universidad de los Andes in Mérida, Venezuela. He is a German citizen with a lively interest in international issues.

## **Contributors**

### *Omar Aktouf*

Omar Aktouf is Professor of Management at L'École des hautes études commerciales de Montréal (HEC Montréal) and a founding member of Humanism and Management at HEC. Before joining HEC, Dr. Aktouf was a senior manager in several firms, including a major petroleum company. His academic background includes psychology, management, and development economics. He has researched a number of complementary areas including organizational culture, project management, symbolism and speech within organizations, as well as epistemology, methodology, and pedagogy of administration “sciences.” He is the author of numerous books and articles on these subjects, which have been translated into several languages, including

French, Spanish, Portuguese, German and English. He is an active international lecturer, speaker, and consultant, having provided consulting services to numerous large and small companies. He is the recipient of several awards and prizes, including “Best French Canada Business Book Award” for 2003 (*La Stratégie de l’Autruche*).

### *Joseph L. Badaracco*

Joseph L. Badaracco, Jr., is the John Shad Professor of Business Ethics at Harvard Business School. He is also Senior Associate Dean and Chair of the MBA Program. Badaracco has taught courses on business ethics, strategy, and management in the School’s MBA and executive programs. Badaracco is a graduate of St. Louis University, Oxford University, where he was a Rhodes Scholar, and Harvard Business School, where he earned an MBA and a DBA. Badaracco serves on the Faculty Committee of the Harvard Center for Ethics and the Professions, and he is also the faculty chair of the Nomura School of Advanced Management in Tokyo. In recent years, Professor Badaracco was chairman of the Harvard University Advisory Committee on Shareholder Responsibility and served on the boards of two public companies. He has taught in executive programs in the United States, Japan, and many other countries, and has spoken to a wide variety of organizations on issues of leadership, values, and ethics.

### *Matt Cherry*

Matt Cherry is Executive Director of the Institute for Humanist Studies and has spent more than fifteen years as a professional leader in the humanist movement in three countries. In May 2004, and again in 2006, Cherry was elected president of the United Nations NGO Committee on Freedom of Religion or Belief. He also is an NGO delegate to the UN, representing the International Humanist and Ethical Union (IHEU). Before joining the Institute for Humanist Studies in 2000, Cherry served as Executive Director of the Council for Secular Humanism, publisher of *Free Inquiry*, the most widely circulated humanist magazine in the US. During his five years at the Council, Cherry was Acting Executive Director of the International Humanist and Ethical Union, Executive Editor of *Free Inquiry* magazine, and editor of *Secular Humanist Bulletin*. Cherry has also

worked in the Netherlands as Secretary for Development and Public Relations for the International Humanist and Ethical Union (IHEU) and in the UK for the British Humanist Association (BHA).

### *Claus Dierksmeier*

Claus Dierksmeier is Associate Professor of Philosophy at Stonehill College, Easton, Massachusetts. He was previously Assistant Professor in Practical Philosophy at the University of Jena in Germany (1998–2002) and a visiting professor and research fellow in Spain, Uruguay, and Argentina (2001–2). He received his PhD in 1997 with a dissertation on Immanuel Kant's religious philosophy. He earned his professoral degree (*Habilitation*) in 2002 for a study of the German philosopher Karl Christian Friedrich Krause and his influence in Latin American political thought. Claus Dierksmeier has published widely in German, English, and Spanish. His current research is into the various philosophical notions of freedom and their relevance for a just society. He also works on economic philosophy and business ethics.

### *Bill Drayton*

Bill Drayton is the CEO and founder of Ashoka, Innovators for the Public. He has been a social entrepreneur since he was a New York City elementary school student and was a McKinsey and Company consultant for almost ten years, gaining wide experience serving both public and private clients. For four years he was Assistant Administrator at the US Environmental Protection Agency. He also served briefly in the White House, and taught both law and management at Stanford Law School and Harvard's Kennedy School of Government. Bill has received many awards for his achievements. He was elected one of the early MacArthur Fellows for his work, including the founding of Ashoka. Yale School of Management gave him its annual Award for Entrepreneurial Excellence. In 2005 he was selected one of America's Best Leaders by *US News & World Report* and Harvard's Center for Public Leadership. In the same month he was the recipient of the Yale Law School's highest alumni honor, the Yale Law School Award of Merit, for his substantial contribution to public service.

*Greg Epstein*

Greg M. Epstein serves as the Humanist Chaplain of Harvard University. He also sits on the executive committee of the thirty-eight-member corps of Harvard Chaplains. In 2005 Greg received ordination as a Humanist Rabbi from the International Institute for Secular Humanistic Judaism, following five years' study in Jerusalem and Michigan. He holds a BA (Religion and Chinese) and an MA (Judaic Studies) from the University of Michigan, Ann Arbor, and a Master's of Theological Studies from the Harvard Divinity School. He is an advisor to two student groups at Harvard College, the Secular Society and the Interfaith Council, and to the Harvard Humanist Graduate Community.

*Dieter Frey*

Dieter Frey is Dean of the Faculty of Psychology and Educational Science as well as Professor of Social Psychology at Ludwig Maximilian University in Munich (Germany). In addition, he is Academic Director of the Bavarian Academy for Elite Training and a member of the Bavarian Academy of Sciences. Before coming to Munich he was Professor of Social and Economic Psychology in Kiel and from 1988 to 1989 he was Theodor Heuss Professor at the Graduate Faculty of the New School for Social Research, New York. In 1998, Dieter Frey was elected German Psychologist of the Year. His extensive research interests include basic social psychology (e.g. decision processes, information seeking, group processes) as well as organizational psychology (e.g. leadership and innovation) and behavioral finance.

*Adrian Henriques*

Adrian is an advisor on corporate responsibility, social accountability, and sustainability. He has produced research on social sustainability and taught accountability and social auditing at Warwick University Business School. Adrian has been a Council Member of the Institute of Social and Ethical Accountability and was for five years a member of the Global Reporting Initiative Steering Committee. He is also a member of the Association of Chartered Certified Accountants' Social and Environmental Committee. Adrian is currently Visiting Professor of Accountability and CSR at Middlesex University Business School.

Formerly Head of Accountability at the New Economics Foundation, he has also worked for the International Society for Ecology and Culture, an NGO campaigning on economic globalization. For a number of years Adrian was a management consultant for PricewaterhouseCoopers in financial services. His publications include *Corporate Truth: The limits to transparency*, and *The Triple Bottom Line – Does it all add up?*

### *W. David Holford*

W. David Holford is a professional engineer, as well as a PhD student in management at L'École des hautes études commerciales de Montréal (HEC Montréal) under the supervision of Dr. Omar Aktouf. He is also Assistant Professor of Management at the University of Quebec at Montreal (UQAM). His field of interest is the humanistic dimension of management and its ramifications for both risk/crisis creation and knowledge management. He has co-authored several articles with Dr. Omar Aktouf, and recently won major scholarships and prizes for academic excellence (2004–7). Prior to embarking in his studies, Mr. Holford worked for nineteen years in the aerospace industry (Pratt and Whitney, Canada), the last nine in senior engineering management.

### *Aileen M. Ionescu-Somers*

Aileen Ionescu-Somers is the program manager of IMD's research project on Corporate Sustainability Management (CSM). Previously she was head of the International Projects Unit at the World Wide Fund for Nature (WWF International), and held program management roles within the Africa and Latin America regional programs. She holds a BA, MA, HDipEd, and MSc in Environmental Management and a PhD in the area of corporate social responsibility in the food and beverage sector from the National University of Ireland (UCC). She is currently completing her book *Business Logic for Sustainability: An Analysis of the Food and Beverage Industry*.

### *Stephan Kaiser*

Stephan Kaiser is an assistant professor at the Ingolstadt School of Management, Catholic University of Eichstätt-Ingolstadt. In 2001, he

earned his PhD at the same university. Earlier, he studied business administration at the Universities of Regensburg and Wales (EMBS Swansea). His current research focuses on positive organizational studies, human resources, professional services firms, as well as knowledge, technology, and organizations.

### *Jean-Pierre Lehmann*

Jean-Pierre Lehmann is a professor at IMD. His areas of special interest include globalization, global governance, trade and development, the role of business in the reduction of poverty and inequality, and the socio-economic, cultural, and business dynamics of Asia. He acts in various leading capacities in a number of public policy institutes and organizations, as an advisor to governments and corporations, and as a frequent commentator in the international media. He is the author of several books and numerous articles and papers primarily dealing with globalization, modern East Asian history, and East Asia and the international political economy. In 1995 he launched the Evian Group, an international coalition of corporate, government, and opinion leaders, united by a common vision of enhancing global prosperity for the benefit of all by fostering an open, inclusive, and equitable global market economy in a rules-based multilateral framework. A leading voice on global trade and investment issues that acts as a forum for dialogue and a birthplace of ideas, the Evian Group also engages actively in advocacy to counter the forces of protectionism and chauvinism.

### *Klaus Leisinger*

Klaus M. Leisinger is President and CEO of the Novartis Foundation for Sustainable Development and Professor for Development Sociology at the University of Basel. He pursues academic and practical field work on a wide range of development-related topics, among them foreign aid and international development, good governance, health policy in the least developed countries, business ethics, and corporate responsibility. Klaus Leisinger serves as invited lecturer or visiting professor at several universities worldwide and was awarded an honorary doctorate in theology by the University of Fribourg. He has held advisory positions in a number of national and international organizations, such as the United Nations Global Compact,

the United Nations Development Programme (UNDP), the World Bank (CGIAR), the Asian Development Bank, and the Economic Commission for Latin America (ECLA). From September 2005 to December 2006, Klaus Leisinger served as special advisor to the United Nations Secretary-General for the UN Global Compact.

### *Thomas Maak*

Thomas Maak is Senior Researcher at the Institute for Business Ethics and Reader in Corporate Responsibility at the University of St. Gallen in Switzerland. As visiting faculty he also co-directs a research stream within the PwC-INSEAD initiative on high-performing organizations at INSEAD, France. He has held visiting positions at the School for International and Public Affairs at Columbia University, New York and at Georgetown University's McDonough School of Business in Washington, DC. His research and teaching focus on business ethics, corporate citizenship, integrity management, and responsible leadership. Thomas is a member of the Executive Committee of the European Business Ethics Network (EBEN). As consultant and advisor he has worked with leading corporations such as Shell, PricewaterhouseCoopers, Volkswagen, and DONG Energy. Among his many publications is *Responsible Leadership* (with Nicola Pless, 2006). He has also served as guest editor for the *Journal of Business Ethics*.

### *Domènec Melé*

Domènec Melé is Professor of Business Ethics and holds the Chair of Economic and Ethics at IESE Business School, University of Navarra, Spain. He earned his doctorate in industrial engineering from the Polytechnic University of Catalonia and his PhD in theology from the University of Navarra. Before joining IESE in 1986 he was Professor of Chemical Technology at the Polytechnic University of Valencia. Over the last twenty years, he has written extensively and carried out research in the areas of business ethics and Christian social thought. His areas of specialization include economic and business ethics, international management ethics, corporate social responsibility, Christian ethics and spirituality in management, ethics in organizational cultures, and philosophy of management. Domènec Melé also chairs the bi-annual International Symposium on Ethics, Business and

Society led by IESE since 1991 and is the co-founder of IESE's Center for Business in Society. Currently, he serves as section editor of the *Journal of Business Ethics*.

### *Oliver Rapf*

Oliver Rapf is head of Business & Industry Engagement, Climate Change Programme, WWF International. Based in Brussels, Oliver is the leader of the Business & Industry (B&I) strand of WWF's global climate change program. He collaborates with a multitude of companies and sectors on corporate carbon management, and works with a global team to develop new cutting-edge partnerships to mitigate climate change. Oliver Rapf is a registered advisor on sustainable business practices to the European Commission, focussing on B&I performance in sustainable energy and climate change. Since 1997 he has overseen WWF projects on sustainable energy and efficient housing, as well as climate change mitigation strategies and impacts. He has headed the German NGO delegation to several UN climate conferences. Before joining WWF he worked for an environmental think tank and a spatial planning institute. Oliver studied at universities in Heidelberg, Bonn, and Vancouver and has a Master's in Geography, Political Science, and Economics.

### *Gordon Müller-Seitz*

Gordon Müller-Seitz works at the Technical University of Berlin, Department of Sociology of Organization for the Research Project "Path Creating Networks: Inventing Next Generation Lithography in Germany and the US." He received his PhD at the Department of Organisational Studies and Human Resources, Catholic University of Eichstaett-Ingolstadt, Germany. His research interests lie in positive emotions, networks, innovative technologies, knowledge management, and professional services firms. He has published his ideas among others in *Organization* and *Industry & Innovation*.

### *Julian Nida-Rümelin*

Julian Nida-Rümelin is Professor of Political Theory and Philosophy at the Ludwig Maximilian University in Munich, Germany. He

currently also holds the position of visiting professor at the University of St. Gallen, Switzerland. Between 2001 and 2002 he was state minister for culture and media and member of the German federal government. Prior to that he was Professor of Philosophy at the University of Göttingen. He studied philosophy, physics, mathematics, and political science in Munich and Tübingen. Julian Nida-Rümelin has received various honors, among them an honorary professorship at Humboldt University in Berlin and the award “To the Patron of the German Book” of the Börsenverein des Deutschen Buchhandels.

### *Lynn Sharp Paine*

Lynn Sharp Paine is John G. McLean Professor of Business Administration at Harvard Business School, where she is a member and former chair of the general management unit. Ms. Paine’s research focuses on the leadership and governance of companies that meld high ethical standards with outstanding financial results. A member of Phi Beta Kappa and a *summa cum laude* graduate of Smith College, Ms. Paine holds a doctorate in moral philosophy from Oxford University and a law degree from the Harvard Law School. A faculty associate of the Harvard University Edmond J. Safra Foundation Center for Ethics, Ms. Paine also serves on the Advisory Board of Leadership Forum International (LFI) and the academic council of the Hills Program on Governance at the Center for Strategic and International Studies. She was a member of the Conference Board’s Blue-Ribbon Commission on Public Trust and Private Enterprise formed after the corporate scandals of 2002. Before joining the Harvard faculty, Ms. Paine served on the faculties of Georgetown University’s Business School, the University of Virginia’s Darden School of Business, and at the National Cheng Chi University in Taiwan, where she was a Luce Scholar in 1976–7.

### *Miguel Pereira Lopes*

Miguel Pereira Lopes is an invited assistant professor at Faculdade de Economia, Universidade Nova de Lisboa, in Lisbon, Portugal. He received his PhD in Organizational Psychology from Universidade Nova de Lisboa. In the past, he has worked as a senior manager at

major national and multinational companies. His current research focuses on the emergence of positive behavior in organizational settings, social networks, and positive leadership.

### *Claudia Peus*

Claudia Peus is Assistant Professor of Social and Organizational Psychology at Ludwig Maximilian University in Munich, Germany. From 2005–7 she was a visiting scholar at the Sloan School of Management, Massachusetts Institute of Technology and a post-doctoral fellow in the department of psychology at Harvard University (2006–7). Her research interests focus on the impact of leadership on employees' attitudes and behaviors, leadership development, women in management, and cross-cultural psychology. In addition to her academic work, Claudia Peus has been involved in executive education and organizational development programs for numerous multinational companies including Allianz Global Investors, E.ON, and Goodyear.

### *Miguel Pina e Cunha*

Miguel Pina e Cunha is an associate professor at the Faculdade de Economia, Universidade Nova de Lisboa, in Lisbon, Portugal. He received his PhD from Tilburg University (the Netherlands). His current research focuses on organizational improvisation, emergent change, organizational bricolage, and positive organizing.

### *Nicola M. Pless*

Nicola Pless is Research Director and Reader in Responsible Leadership at the University of St. Gallen in Switzerland. She is also a visiting senior research fellow in INSEAD (France), where she co-directs the PwC-INSEAD research stream on “Developing Responsible Leadership.” She holds a Master’s degree in business administration from the University of Bayreuth, a PhD in organizational theory from the University of St. Gallen, and a diploma in clinical organizational psychology from INSEAD. Prior to joining above-mentioned faculties she worked as a vice president in the financial services industry and served at the World Bank Group in Washington,

DC. Her research, writing, and teaching focus on corporate social responsibility, responsible leadership, and leadership development. She has delivered training and consulting services for the International Finance Corporation, Deutsche Telekom, Volkswagen, PricewaterhouseCoopers, and DONG Energy. She has published three books and several articles in practitioners' and academic journals. Her latest book, *Responsible Leadership* (with Thomas Maak), was published in 2006.

### *Oliver Salzmann*

Oliver Salzmann is a research associate at IMD, Lausanne. He works for the research project on Corporate Sustainability Management (CSM) in IMD. He holds a Master's in industrial management from Dresden University of Technology and a PhD in corporate sustainability management in the energy sector from Berlin University of Technology. Since joining IMD in 2001, he has conducted empirical research in several areas, including private households and sustainable consumption, the business case for corporate sustainability, and stakeholders' perceptions and activities with respect to corporate social and environmental responsibility.

### *Amartya Sen*

Amartya Sen is Lamont University Professor and Professor of Economics and Philosophy at Harvard University and was until recently the Master of Trinity College, Cambridge. He has served as President of the Econometric Society, the Indian Economic Association, the American Economic Association, and the International Economic Association. He was also Lamont University Professor at Harvard earlier, from 1988–98, and before that was Drummond Professor of Political Economy at Oxford University and a fellow of All Souls College (where he is now Distinguished Fellow). Prior to that he was Professor of Economics at Delhi University and at the London School of Economics. His research has ranged over a number of fields in economics, philosophy, and decision theory, including social choice theory, welfare economics, theory of measurement, development economics, public health, gender studies, moral and political philosophy, and the economics of peace and war. Among the many awards he has received is the Nobel Prize in Economics 1998.

*Ulrich Steger*

Ulrich Steger holds the Alcan Chair of Environmental Management at IMD and is Director of IMD's Forum on Corporate Sustainability Management. He is Director of the DaimlerChrysler Partnership Programs and Allianz Excellence Program and Co-Director of Building High Performance Boards. He also holds an Honorary Professorship in International Management at Berlin Technical University. He was minister of economics and technology in the state of Hesse and a member of the managing board of Volkswagen, in charge of environment and traffic matters and the implementation of an environmental strategy within the VW group worldwide. He has published extensively, most recently *Inside the Mind of the Stakeholder: The Hype behind Stakeholder Pressure* (2006).

*Peter Ulrich*

Peter Ulrich, born 1948 in Berne, Switzerland, is Full Professor of Economic and Business Ethics and Director of the Institute for Business Ethics at the University of St. Gallen, Switzerland. After his studies in business administration, economics and social sciences at the University of Fribourg (1967–71) and his doctorate at the University of Basle (1972–6), he spent four years as a management consultant in Zurich. A scholarship from the Swiss National Science Foundation enabled him to complete his habilitation thesis ("Economic Sciences and Their Philosophical Foundations," 1986) at the University of Witten-Herdecke, Germany for a *venia legend*. In 1984, he was appointed as Full Professor in Business Administration at the University of Wuppertal, Germany. In 1987, he was appointed to the first chair for Business Ethics at a German-speaking faculty in St. Gallen. In the twenty years since then, his approach of integrative economic ethics has become widely accepted in the German and European debate.

*Allen L. White*

Allen L. White is Vice President and Senior Fellow, Tellus Institute, Boston, and directs the institute's corporate design program. Dr. White co-founded the Global Reporting Initiative in 1997 and served

as Chief Executive through 2002. In 2004, he co-founded Corporation 2020, an initiative focused on designing future corporations to sustain social purpose. He advises multilaterals, foundations, corporations, and NGOs on corporate responsibility and sustainability strategy, policy, and practice. He has held faculty and research positions at the University of Connecticut, Clark University, Tufts University, and Battelle Laboratories, and is a former Fulbright Scholar in Peru and Peace Corps worker in Nicaragua. Dr. White has served on advisory boards and committees of a multitude of non-profit organizations in the US and abroad. He is Chair of GAN-Net, a non-profit organization dedicated to building capacity and building the movement of global, multistakeholder civil society organizations. He is a member of the Steering Committee of the Institute for Responsible Investment, Boston College Center for Corporate Citizenship, and, since 2004, has served as Senior Advisor to Business for Social Responsibility.

### *Stephen B. Young*

Stephen B. Young, Global Executive Director of the Caux Round Table, is a lawyer and writer. He has served as Dean of the Hamline University School of Law and as an assistant dean at the Harvard Law School. He has taught law and Vietnamese history and served on the boards of numerous non-profit organizations. While Dean of the Hamline University School of Law he initiated the *Journal of Law and Religion*. Young studied anthropology and government at Harvard College and took his law degree at Harvard Law School. In 2004 Berrett-Koehler of San Francisco published Young's book *Moral Capitalism*. It has been translated into Japanese, Spanish, Polish, and Croatian. Young has contributed chapters to a number of recent books on ethics and corporate social responsibility and blogs regularly for the *Twin Cities Daily Planet*. As an attorney, Young has both served corporate clients and litigated in state and federal courts. In 1966 Young discovered the Bronze Age site of Ban Chiang in north-east Thailand, now a UNESCO world heritage site. In 1975 Young initiated efforts to open the United States to refugees from South Vietnam and later served on the Citizens' Commission for Indochinese Refugees. He later suggested the framework of a United Nations trusteeship interim administration for Cambodia as a means to end the civil war in that country.

*Muhammad Yunus*

Muhammad Yunus earned the nickname “banker to the poor” by giving small cash loans to the poorest people in Bangladesh. Yunus completed his PhD in economics at Vanderbilt University in 1969. He taught at Middle Tennessee State University before returning to Bangladesh in 1972 to teach at Chittagong University. His first loan was given to a group of very poor village women in 1974, an amount equivalent of \$27. Yunus founded the Grameen Bank two years later to institutionalize this small-scale loan giving, usually to people who had no collateral and would have been turned away by the traditional banks. This notion of “microcredit” has now become a worldwide phenomenon, giving millions the opportunity to pull themselves out of abject poverty. Yunus and Grameen were jointly given the Nobel Prize for Peace in 2006. By that time the bank had helped more than six million borrowers, the vast majority of them women. In awarding the prize, the Nobel Committee stated: “Lasting peace cannot be achieved unless large population groups find ways in which to break out of poverty. Microcredit is one such means.”

## *Acknowledgements*

Every attempt has been made to secure permission to reproduce copyright material in this title and grateful acknowledgement is made to the authors and publishers of all reproduced material. In particular, the publishers would like to acknowledge the following for granting permission to reproduce material from the sources set out below:

Chapter 9 excerpted from *Development as Freedom* by Amartya Sen, New York: Alfred A. Knopf, 1999. Reproduced with kind permission of Alfred A. Knopf, a division of Random House, Inc.

Chapter 11 excerpted from *Value Shift: Why Companies Must Merge Social and Financial Imperatives to Achieve Superior Performance* by Lynn Sharp Paine, New York: McGraw-Hill, 2003. Reproduced with kind permission of The McGraw-Hill Companies.

Chapter 19 excerpted from *Corporate Truth: The Limits to Transparency* by Adrian Henriques, London: Earthscan, 2007. Reproduced with kind permission of Earthscan Ltd.

Chapter 22 excerpted from *Leading Quietly: An Orthodox Guide to Doing the Right Thing* by Joseph L. Badaracco, Boston: Harvard Business School Press, 2002. Reproduced with kind permission of Harvard Business School Publishing.

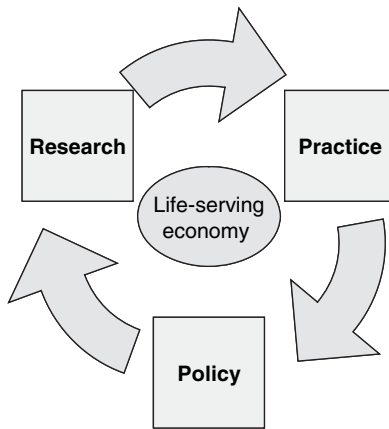
Chapter 24 originally published as Chapter 1 of *Social Entrepreneurship: New Models of Sustainable Social Change*, edited by Alex Nicholls, Oxford: Oxford University Press, 2006. Reproduced with kind permission of Oxford University Press.

## *Humanistic Management Network: paving the way towards a life-serving economy*

In the Aristotelian concept of the economic system, the economy served political goals. As far as these political goals were democratically legitimized, the economy directly served the people. The humanist credo of “man as the measure of all things” (*Protagoras*) led us to a free, liberal, and democratic world. However, the current global economic system more often than not treats humans as instruments for profits or GDP growth, ignoring the democratic rights and liberties they enjoy within their nation-states. The effects are injustice, environmental degradation, and unhappiness – even for those who currently profit from the existing system. To counter these inhumane effects, Humanistic Management Network creates and disseminates *actionable knowledge* that puts humans first and supports the creation of a life-serving economic system.

Humanistic Management Network’s *vision* is to encourage businesses to embrace a more ‘life-serving’ approach by integrating humanistic values into their core strategy. Our *mission* is to influence business academia, management, and the general public in defining the purpose and role of business in a global society. We foster the creation and dissemination of actionable knowledge to change business practices towards humanistic ideals.

In a first step, Humanistic Management Network is focusing on the creation of a research platform based on humanistic principles. We are establishing a common research agenda for researchers of various disciplines and fields to address the need for a life-serving economy and to build our network of likeminded think-tanks and research groups around the world. In a second step, we will create products and services based on humanistic principles and offer them to organizations in consultations. In a third step, we will use the insights gained from research and practice to influence public discourse and policy decisions towards a human-centered economy. These three steps will be the basis of a continuous feedback loop, which will



**Figure A.1** Humanistic Management Network’s integrated approach for a more life-serving economy

slowly but systematically support the creation of a life-serving economic system in which authentic human needs will be served.

Humanistic Management Network currently consists of the editorial team of this book.

They are:

Wolfgang Amann  
 Shibani Khan  
 Michael Pirson  
 Heiko Spitzack  
 Ernst von Kimakowitz

## Our pledge

If we do not take responsibility for reshaping our economic system and business organizations, who will? And even if – in the end – our collective efforts fail to reach the goal of a humane future, we can say that we tried our best in order to achieve it. Or as Martin Luther put it: “Even if I knew that tomorrow the world would go to pieces, I would still plant my apple tree.”

This is easy to demand but hard to live up to. However, if we do not strive for the highest goals right at the beginning, we will not get very

far at all. This is why we as editors pledge the following and encourage any reader, student, colleague, and critic to hold us accountable to this and to indicate if we lose our way to a humane future.

Our pledge:

- As *researchers*, we aim to generate *actionable knowledge* to help others to grow as humans. We will focus on publishing books and articles of which we can be proud, but we will also act on this knowledge as teachers and consultants.
- As *teachers*, we will make sure that our students understand the duality of success and humanism and, in case of doubt, to strive to make man the measure of all things. Our duty as education professionals is to help our students grow professionally and as humans.
- As *consultants*, we make sure that we combine our ideals with our capabilities to generate pragmatic solutions that make a difference to humans as well as to business.
- As *citizens*, we will foster discourse on humanism in business to enable people to understand the challenges of our shareholder economy and to start thinking of creative solutions.
- Finally, we hold ourselves accountable, open to discourse, and undertake to be transparent, to develop measures for academic accountability.

This pledge mirrors what this book is about: reflection, principles, and action. However, as editors, we would not be the servants we strive to be, if we were merely satisfied with the publication of a book that includes a pledge. We are striving for a real-life impact towards a more humane business environment.

Where do we go from here?

We encourage fellow researchers from diverse disciplines to cooperate and evaluate the interactions between business and society, and, we hope, to exemplify that humane and successful organizations and institutions are feasible. This would encourage practitioners to experiment with similar life-conducive endeavors. In the same spirit, we encourage practitioners to share their stories of what worked and what did not. Research, case studies, etc. would help to initiate a constructive public discussion about humanistic values in our current business environment – a topic that we believe affects each of us.

We believe in the power of change through dialogue and insight. Just talking about humanism and business will generate change: change in individuals, in organizations, and in systems. Let us start the dialogue and try to keep it alive. We therefore encourage every reader with ideas on how we can approach the idea of a humane form of business to contact us at [info@humanetwork.org](mailto:info@humanetwork.org). In order to make this idea come true, we all need to stand together and show courage when this is required.

When your grandchildren ask you what you did to give them a life-conducive world in which to grow up, what will your answer be?

Please visit us at [www.humanetwork.org](http://www.humanetwork.org).

## *Introduction: humanism in business*

MICHAEL PIRSON, ERNST VON KIMAKOWITZ,  
HEIKO SPITZECK, WOLFGANG AMANN,  
AND SHIBAN KHAN

### **The king is dead, long live the king?**

Before and during the Middle Ages many societies were organized around a dominant power such as a king or priest. Serving the central ruler was the *raison d'être* of the state, its economy, and its inhabitants, which often resulted in human costs. In the era of enlightenment,<sup>1</sup> proponents of Liberalism broke with this tradition and boldly proclaimed individual freedoms as the central tenet of organized society.<sup>2</sup> Consequently, societies transformed, economies experienced an upsurge, wealth was created at unprecedented rates, and a growing number of citizens were able to pursue their life goals more freely. The industrial revolution that followed is often regarded as a direct result of these societal changes, supporting the argument that Liberalism's empowering effects on the individual were at the epicenter of long-lasting and profound progress in human development.

When analyzing the current state of our societies, one could almost conclude that these advances are being partially reversed in a world in which a new king is worshipped: profit.

This new king's main constituents are shareholder-value-maximizing businesses, and one of his strongest allies is GDP growth, which has generally become a central societal goal – an end rather than a means. In other words, we treat the achievement of GDP growth as an objective in its own right and not as a tool that we can use to achieve an objective. This is difficult to grasp: why are even the wealthiest societies looking for, let's say, an extra half percentage point of

<sup>1</sup> For the relationship between enlightenment and religion, see Epstein (chapter 3 of this volume).

<sup>2</sup> For a historical review of humanistic thought, see Nida-Rümelin and Cherry (chapters 1 and 2 of this volume).

growth without contemplating what that extra income could best be used for? Why is no one asking whether a specific problem requiring attention truly lacks financial resources or whether other factors are responsible for it? Is it possible that the measures taken to achieve that little extra growth might exacerbate the problems that the additional growth earnings are supposed to tackle? Given that between 1995 and 2005 cumulative GDP growth in the OECD countries was close to 30 percent,<sup>3</sup> there seems to be little evidence that growth alone solves societal problems. Would it not seem more sensible to first agree on an objective and then determine the appropriate tool? This may or may not be to nourish GDP growth.

We have accepted our new king and his entourage all too readily, often at the expense of other important aspects of human existence, such as a clean environment, strong social relationships, and self-determination. Just as the Age of Enlightenment “civilized” the state in order to serve its people, we would like to see a renewed liberalization – one that is based on similar notions, but that will allow us to “civilize” the *economic* system.

Don’t get us wrong here: we are not advocating some socialist Utopia, nor are we anti-market or anti-globalization sentimentalists. We gratefully acknowledge the tremendous progress that has been brought about by free-market economies in terms of human development. We believe in the power that markets have to unleash individual creativity and to allocate goods and services more efficiently than any centrally planned process could. We also believe that tremendous opportunities arise for humankind from an economy that is inter-connected and inter-dependent on a global scale. However, like early humanists, we are not ready to accept the given order without inquiring into potential variations on this given order.

It sometimes seems astounding that the fall of the Berlin Wall was largely viewed as a victory of capitalism over communism, rather than a liberating event that enabled us to engage in a discourse – unclouded by ideological confrontation – on our economic future. The Western world’s victory pose may have been an understandable reaction at the time, but today, nearly twenty years later, it is time to stop patting our

<sup>3</sup> See [www.oecd.org/LongAbstract/0,3425,en\\_2649\\_201185\\_36396771\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/LongAbstract/0,3425,en_2649_201185_36396771_1_1_1_1,00.html) for statistical information on the economies of the OECD countries.

own backs and return to work. We should not be exploiting yesterday's conflicts to silence challenges to the status quo.

The debate that we believe needs to be held is not about free markets vs. centrally planned markets, but about the need to decide when and where free market forces should govern an issue and when and where we have other, more appropriate tools to find a life-serving solution. A free market is amoral,<sup>4</sup> indifferently creating great wealth, as well as great hardship. Consequently, moral beings should use it wisely and responsibly, rather than blindly trusting a “one-size-fits-all” approach.

As a starting point, we draw on the Aristotelian concept according to which the character of the economy is a life-conducive, life-serving one. This is a view inspired by Protagoras, according to which the purpose of the economy is to cater to authentic human needs, to enable humans to develop their full capabilities.<sup>5</sup> We believe that the currently dominant form of capitalism, shareholder capitalism, suffers from several shortcomings in this regard.

In the following section, we will briefly elaborate on some of the challenges that we believe lie within our current, shareholder-oriented capitalism. We will also introduce the rationale and the questions that have led to this book being compiled, as well as the outline and the flow of the various contributions.

## **Challenges to shareholder capitalism**

The current economic set-up often fails to meet expectations in respect of its life-conduciveness and respect for humanity. Closely following the structure of this book, our analysis of these shortcomings is based on three levels: a systemic level, an organizational level, and an individual level.

### *The systemic level*

Environmental destruction is one of the most obvious problems of our current system. Industrialized nations use more resources than the

<sup>4</sup> To avoid misunderstandings: amoral means without a moral capacity, it therefore means neutral towards or “unaware” of moral concerns but it does not mean immoral. Immoral would mean markets have a negative moral capacity, which they don't.

<sup>5</sup> For human capabilities, see Sen (chapter 9 of this volume).

planet can provide. As an illustration: if everybody on this planet were to consume natural resources at the rate of an average American, five planets' worth of resources would be required; at the rate of an average European, three planets (Boyle, Cordon, and Potts 2006). All in all, humanity is currently using the productive capacity of nearly 1.3 planets to satisfy its needs (WWF 2006). The situation is set to exacerbate with continued global growth. In economic terms, this is irresponsible, as we are living off our planetary capital and not the interest generated by it. This lack of sustainability is, however, supported by the logic of our current system. Shareholder capitalism is short-term-oriented and, when applied rigorously, rewards plundering over preserving. Consequences such as external effects are often ignored and, according to neoliberal reasoning, the state should not be involved, as it hampers entrepreneurial freedom.

Increasing inequality is another problem that is likely to have significant repercussions on the stability of our political and economic systems. Current trends in globalization have led to a world in which the rich get richer, and the poor get disproportionately poorer (Sachs 2005). One sixth of the world's population lives in extreme poverty. An additional one and a half billion people live at a subsistence level, leading lives characterized by problems such as a lack of drinking water. The level of poverty and inequality pricks the conscience of many people, but is also a threat to the stability of the overall system. Political unrest, collectivization, and even terrorism are fed by the increased level of inequality, which often leads to a loss of individual and collective dignity. Shareholder capitalism is mostly blind to these consequences and has not yet provided satisfactory ways to deal with these issues.

### *The organizational level*

At the organizational level, businesses face the challenge of decreasing levels of stakeholder trust. A long list of corporate governance scandals since the beginning of the millennium, along with the arguments sometimes presented to justify "downsizing," "rightsizing," or outsourcing activities, has shaken the foundation of trust that citizens once had in "their" companies. Trust is, however, commonly viewed as the key enabler for cooperation, motivation, and innovation, all of which are required to achieve an organization's peak performance and its eventual success. Surveys indicate that stakeholder trust in

businesses is decreasing dramatically, specifically in shareholder-value-maximizing, large, and global companies (World Economic Forum 2006).<sup>6</sup> Research finds that the decline in trust is heavily contingent upon a lack of value congruency between stakeholders and the organization (Pirson and Malhotra 2006). Profit maximization goals are perceived as inherently opportunistic; hence, one of the business community's challenges is to re-establish trust.

We observe that many corporations are facing a decreasing level of employee commitment, indicative of the growing lack of mutual commitment. The Hay Group (2002), for example, finds that 43 percent of American employees are either neutral or negative towards their workplace.<sup>7</sup> According to a Gallup study,<sup>8</sup> 71 percent of US employees are either not engaged or actively disengaged, showing an alarming inner withdrawal rate. Jensen (2001: 278) argues that the goal of profit maximization is partially responsible for this. He posits as self-evident that: "Creating value takes more than acceptance of value maximization as the organizational objective. As a statement of corporate purpose or vision, value maximization is not likely to tap into the energy and enthusiasm of employees and managers to create value." Hence, shareholder-value-maximizing organizations are under-utilizing their employees' potential.<sup>9</sup>

### *The individual level*

On the individual level, we observe an interesting anomaly. While the current system is credited with creating more wealth for many, the

<sup>6</sup> These findings are based on a global public opinion poll involving a total of 20,791 interviews with citizens across 20 countries ( $n = 1,000$  in most countries), conducted between June and August 2005 by respected research institutes in each participating country, under the leadership of GlobeScan. (A full list of participating institutes, with contact details, is available at: [www.weforum.org](http://www.weforum.org).) Each country's findings are considered accurate to within three percentage points, nineteen times out of twenty.

<sup>7</sup> Peus and Frey address this challenge, presenting a humanistic organizational culture and humanistic leadership principles (chapter 15 of this volume).

<sup>8</sup> Gallup Study, "Engaged Employees Inspire Company Innovation". The study revealed that 56 percent of US employees are not engaged and 15 percent are actively disengaged at work. <http://gmj.gallup.com/content/24880/Gallup-Study-Engaged-Employees-Inspire-Company.aspx>

<sup>9</sup> The alternative is labeled social entrepreneurship, which is outlined by Maak and Pless, Drayton, and Yunus (chapters 21, 23, and 24 of this volume).

average level of life satisfaction has not necessarily increased (Easterlin 2001). GDP growth and growth in well-being have decoupled. Factors that contribute to well-being have a relatively low correlation with material wealth once a certain wealth level has been achieved (Diener and Seligman 2004). From a systemic perspective, the quality of a government in terms of democratic and human rights, the level of corruption, the stability of the system, high social capital, a strong economy with low rates of unemployment and inflation all contribute to subjective well-being. On an individual level, the quality of social relationships, good physical and mental health, and a generally positive attitude towards life are central drivers of well-being. Materialism as an attitude, for example, is considered toxic for well-being (Diener and Seligman 2004; Elias 2002). The current system, however, largely sustains itself by serving material needs that lie beyond those that increase well-being and by an endless attempt to generate new needs, which can in turn only be satisfied by the unsustainable use of available resources.

### **Why this book?**

By highlighting the issues described above, we hope to demonstrate that the current shareholder model of capitalism faces severe functional as well as moral challenges.<sup>10</sup> Current economic endeavors are often short term oriented; we create unsustainable wealth, not sustainable well-being. Furthermore, the pursuit of profit maximization and GDP growth has largely become an end in itself. In short, humans are currently not the measure of all things, nor can this problem be solved by using the same economic logic that created it in the first place.<sup>11</sup> Therefore, we argue that we need to take a step back and ask some very basic questions: what is the purpose of our economic system? What would a more life-serving economy look like and what is the role of business therein?

To start this discussion, we wish to present humanism as a lens through which to view potential alternatives.<sup>12</sup> Humanism is a

<sup>10</sup> Which is why Aktouf and Holford call for a “radical humanism” (chapter 6 of this volume).

<sup>11</sup> As Albert Einstein once observed: “The problems that exist in the world today cannot be solved by the level of thinking that created them.”

<sup>12</sup> For the concept of socio-economic rationality, see Dierksmeier and Ulrich (chapters 4 and 8 of this volume).

philosophy, an approach to life, and a movement that focuses on creating a human-centered, value-oriented society.<sup>13</sup> Thus, we believe that humanism has much to offer in the search for answers to the questions raised above.

We wish to make it clear that humanism comes in many different flavors. We do not endorse any one specific strand, be it religious or secular. Rather, we wish to demonstrate humanism's unifying potential and inclusive character, while acknowledging the impossibility of covering it exhaustively within this book. We do, however, believe that a globally inter-linked economy needs a globally accepted framework if we want to fully reap the benefits that can arise from it. To achieve global acceptance, this framework cannot be based on only one people's culture, religion, or regional character. The framework must have an ethical basis rooted in humanity itself to appeal to everyone, everywhere. As we will see later in this book, humanism offers just that because it is based on reason and the universal desire to lead an ethical life. It can therefore accommodate any number of cultures, religions, and regional characters under its roof.

Our objectives in compiling this book are twofold: first, we wish to contribute to the creation of a common research agenda for humanism in business. Second, by looking beyond the research agenda, we wish to help to define and strengthen the common ground to enable practitioners and policymakers to engage in a discourse on a human-centered economy. It will be up to the reader to decide if and to what degree we have succeeded.

In this book, we present humanism and its relevance for business. We have brought together contributions from various research disciplines, such as philosophy, economics, management, and psychology, which all too often operate independently. We will start by examining humanism's philosophical and historical roots in order to create an understanding of what humanism means in today's economic world. Then, we will examine the role of business within society and its potential as an agent for positive change. Finally, we will suggest ways in which current business frameworks and management practices can be enhanced to embrace a more life-serving business conduct in which "humans are the measure of all things." In conclusion, we will illustrate the role of the individual in the economic

<sup>13</sup> For a philosophical grounding, see Nida-Rümelin (chapter 1 of this volume).

system and consider how each of us can contribute to changing the current system to a more life-conducive one.

### *Part 1. Philosophic-historical grounding of humanism*

This book commences with insights from humanist philosophers from throughout history, clarifying the current understanding of the term. Philosophy is, after all, the mother of all sciences. Julian Nida-Rümelin outlines the principles of humanistic thought and demonstrates the need to reconcile and re-integrate business with humanism. These views are complemented in a historical review by Matt Cherry that describes the effects that humanism or humanists have had on politics, business, and social movements over time. Greg Epstein traces humanist traditions in the world's religions and outlines the comparative advantage of humanism, which is its open anthropology and cultural inclusiveness. Turning to business, Claus Dierksmeier reflects critically on how current business ethics are constrained by economic thought and calls for an economic philosophy based on human freedom. Steven B. Young subsequently looks at the global economy from a moral point of view and points out that the stewardship principle is "humanism at its best" within the economic sphere. Omar Aktouf and W. David Holford argue that the instrumentalization of humans is one of the greatest challenges for humanism in business, and Domènec Melé concludes this section, demonstrating that humanistic elements have always been present in economic thought. These antecedents allow us to envision a more humanistic economy in the future.

### *Part 2. Towards an integration of humanism and business on a systems level*

Following the philosophical grounding, we now direct our attention towards the current state of humanistic values in the global economy, and develop a vision of the role and responsibilities that business has in society. The starting point is Peter Ulrich's depiction of a humane society and the role of businesses within such a society. Amartya Sen's contribution links Dierksmeier's call for human freedom with Ulrich's desire to civilize economic forces, presenting the well-known

capability approach as the way that development should be engendered. Klaus M. Leisinger focuses on core humanistic values and universal human rights, and outlines the role business could and should have in their promotion, presenting a business case for corporate human rights engagement. Lynn Sharp Paine demonstrates in the following contribution that the relationship between social and business objectives is not antagonistic by nature but that managing this duality symbiotically is the crux of business success in the twenty-first century. Part 2 concludes with an assessment of the current state of affairs and a call for action by Ulrich Steger.

### *Part 3. Humanistic management*

Focusing on the organizational level, we ask how organizations can be managed humanistically. Allen White examines the deficiencies of current governance mechanisms and explains what humanistic governance systems could look like. Michael Pirson describes the newly emerging field of social entrepreneurship as a blueprint for humanistic management and draws lessons for corporations. Claudia Peus and Dieter Frey stress the importance of humanistic cultures and present examples of humanistic leadership principles. Miguel Pereira Lopes, Miguel Cunha, Stephan Kaiser, and Gordon Müller-Seitz explain that positive organizational scholarship is the academic backbone of humanistic management. Oliver Salzmann, Ulrich Steger, and Aileen Ionescu-Somers temper our optimism with a current assessment of corporate behavior and managerial incentives. They call for effective stakeholder pressure to spur corporations towards the humanistic mode. Oliver Rapf describes the case of WWF, demonstrating that partnerships between businesses and NGOs can accelerate that process.

### *Part 4. The individual as a change agent for a humane business society*

This part concentrates on the individual's role within business and as a force for change. Adrian Henriques elaborates on how human dignity can be preserved within a business context. He focuses on ethical codes as regulative moments and honesty as a personal lever for

humanistic cultures. Jean-Pierre Lehmann manifests his belief in the power of individuals and holds that through their engagement, a more humane free-market society is possible. Thomas Maak and Nicola Pless argue that there is a new type of leader emerging: one that is less driven to obtain power, but motivated to serve others. Servant leaders focus on the growth of their followers' capabilities. Once they are motivated and have the capacity to take action towards a humane world – in business and beyond – the followers will ideally become leaders and change agents themselves. Joseph L. Badaracco argues that the most effective changemakers are often people you do not notice. He calls these principled, everyday people “quiet leaders,” as they contribute to positive change effectively but without fanfare. Bill Drayton focuses on social entrepreneurs as role models for a humanistic business society because they create social value by employing entrepreneurial means. He also elaborates on the societal mechanisms required to support the social entrepreneurial revolution. Finally, Muhammad Yunus presents his experiences as a social entrepreneur and spreads hope that social entrepreneurs are the solution to our current problems. He presents specific steps that businesses can follow to become more life-conducive.

These four parts present a good overview of current academic thought and research on a more humane economy and the role of business therein. We wish to thank John Silva and Ilse Evertse for their tremendous interest and support in the review process. We also gratefully acknowledge the guidance of Paula Parish at Cambridge University Press.

With your interest piqued, we know that you will enjoy reading about the challenges that the authors of this book pose to our current king and his allies.

Isn't it time to crown a new king? One that we can expect to serve us all better: humanity!

*Heiko Spitzreck  
Michael Pirson  
Wolfgang Amann  
Shiban Khan  
Ernst von Kimakowitz*

*St. Gallen, July 2007*

References

- Boyle, D., Cordon, C., and Potts, R. 2006. *Are You Happy? New Economics Past, Present and Future*. London: NEF.
- Diener, E. and Seligman, M. 2004. "Beyond Money," *Psychological Science in the Public Interest* 5(1): 1–31.
- Easterlin, R. 2001. "Income and Happiness: Towards a Unified Theory," *Economic Journal* 111: 465–84.
- Elias, M. 2002. "Psychologists Now Know What Makes People Happy," *USA Today*, December 10.
- Hay Group 2002. "Engage Employees and Boost Performance." CIPD/Bath study. Toronto: The Hay Group.
- Jensen, M. C. 2001. "Value Maximisation, Stakeholder Theory, and the Corporate Objective Function," *European Financial Management* 7(3): 297–317.
- Pirson, M. and Malhotra, D. 2006. "Stakeholder Trust – What Matters to Whom?" Paper presented at Academy of Management Conference, PDW, Atlanta, August.
- Sachs, J. 2005. *The End of Poverty: Economic Possibilities for Our Time*. New York: Penguin Books.
- World Economic Forum, 2006. "Decline in Trust." [www.globescan.com/news\\_archives/WEF\\_trust2005.html](http://www.globescan.com/news_archives/WEF_trust2005.html) (accessed June 26, 2007).



PART I

*Philosophic-historical grounding  
of humanism*

