



# What Makes Organizations Great?

Context, Mental Model, Key Drivers and Management Paradigm

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# KNOWLEDGE DRIVEN IMPACT ORIENTED

The Humanistic Management Center addresses the root cause of some of the most pressing challenges we face as a global community. Focused on CSR and business ethics we provide thought leadership and advisory services that lead from principles to practice. As business success and societal value generation are increasingly interdependent, we:

- assess, evaluate and help to improve your CSR strategy and activities to enhance your positive impact
- support you in formulating and executing stakeholder engagement strategies to successfully navigate the stakeholder economy
- build tools that enhance your sustainability performance

Contact us under [advisory@humanisticmanagement.org](mailto:advisory@humanisticmanagement.org) for further information.



# EMPOWERING RESPONSIBLE LEADERS

ETHICS FIRST offers executive training to empower responsible leaders. Developing ethical competences creates unique opportunities to gain and sustain a leading position in competitive global markets. With our world class faculty ETHICS FIRST builds customized and tailored training solutions, delivering long lasting learning experiences. Topics of our trainings include:

- Success Factor Ethics: Driving innovation, enhancing resilience and creating value with values
- Leadership 2020: Operating successfully in the VUCA world
- Stakeholder Engagement: Creating and maintaining mutually beneficial relationships with stakeholders

Contact us under [opportunities@ethicsfirst.eu](mailto:opportunities@ethicsfirst.eu) for further information.

# HUMANISTIC MANAGEMENT & ETHICS FIRST

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Please get in touch to discuss opportunities we may have to collaborate



Think-tank and advisory firm on business ethics, corporate responsibility and sustainability

[ernst@humanisticmanagement.org](mailto:ernst@humanisticmanagement.org)  
[www.humanisticmanagement.org](http://www.humanisticmanagement.org)



Our executive training brand delivering tailored and customized executive training that matters

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# WE NEED TO USE MARKETS MORE WISELY

## Situation:

The combination of democratic government and market economies has had a hugely liberating effect on the individual and has created unprecedented wealth in many parts of the world.

## Consequence:

We are talking about the negative side effects of a big success story. However these have become too grave to be ignored.

## Complication:

We are facing a situation where the natural capacity of the planet as well as the inequality in wealth distribution is stretched to the point where we are biting the hand that feeds us.



## Contents

- 1** **Global Context**
- 2** **Mental Model**
- 3** **Key Drivers**
- 4** **Management Paradigm**

# GLOBAL CONTEXT

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We are facing two main challenges as a global community

# THE ENVIRONMENTAL CHALLENGE

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# THE ENVIRONMENTAL CHALLENGE

In the rich countries we consume 4 planets and globally we currently consume 1.6 planets: we only have one.

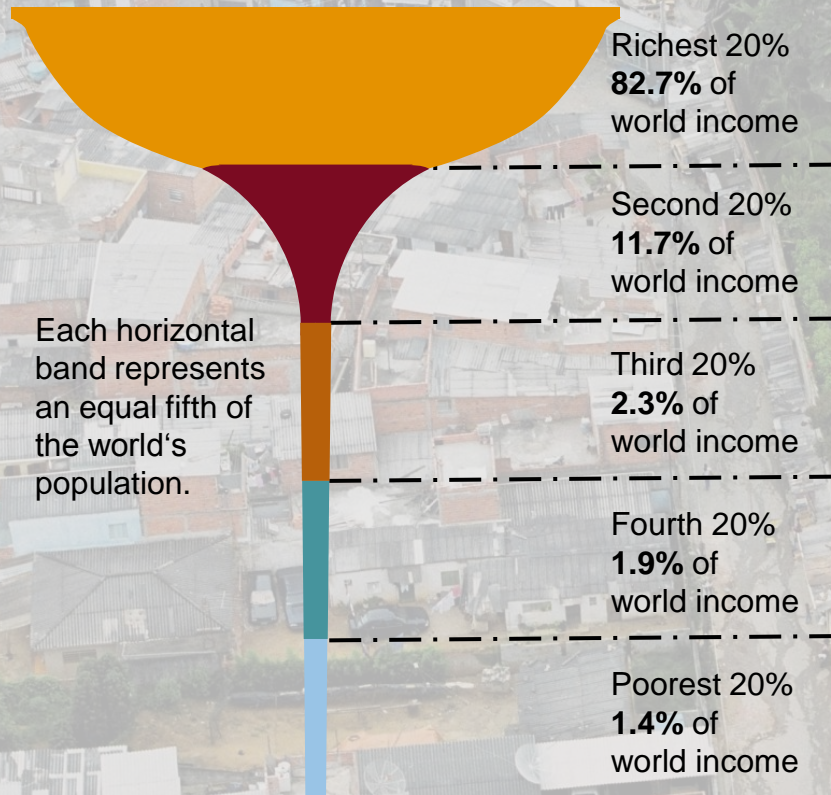
The way in which we are running economic activities is not sustainable.

We need to learn to live within our means.





# THE DISTRIBUTIONAL CHALLENGE



According to an Oxfam study the richest 1% own more than the remaining 99% of the world's population.

The substantial inequality in global wealth distribution increasingly puts peace and social cohesion at risk.

This means we are biting the hand that feeds us as the ongoing success of democratic societies depends on the capacity to create shared prosperity.



# RELEVANCE FOR BUSINESS

## Credibility of Public Statements: Trust in Leaders at Historic Low



Around 60% of the global public do not think business leaders, government officials or regulators are trustworthy.



# RELEVANCE FOR BUSINESS

## Organizational Well Being

### Three Types of Employees

1

**ENGAGED** employees work with passion and feel a profound connection to their company. They drive innovation and move the organization forward.

2

**NOT ENGAGED** employees are essentially “checked-out”. They’re sleepwalking through their workday, putting time – but not energy and passion – into their work.

3

**ACTIVELY DISENGAGED** employees aren’t just unhappy at work; they’re busy acting out their unhappiness. Every day, these workers undermine what their engaged coworkers accomplish.

30%

50%

20%

70% do not like what they do



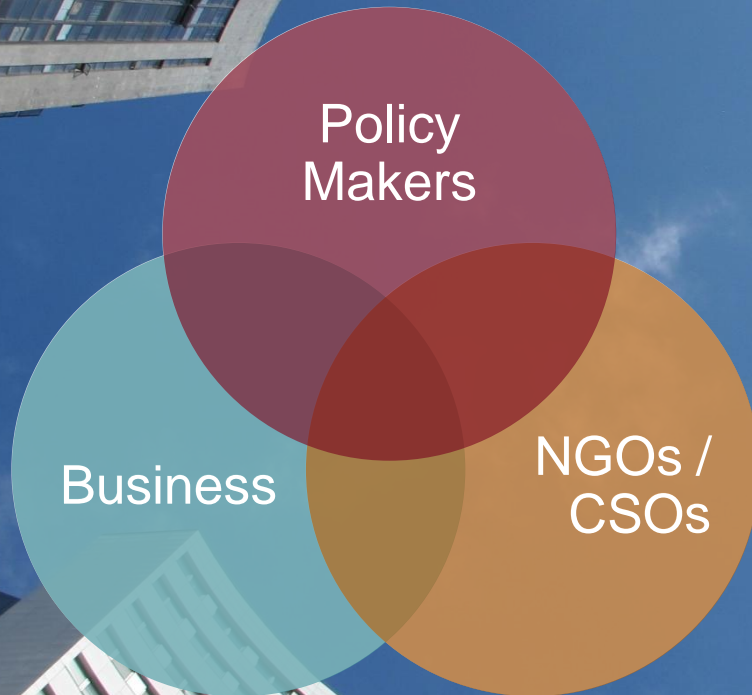
# ROLE OF BUSINESS

We Need to Co-Create Solutions



# ROLE OF BUSINESS

We Need to Co-Create Solutions



No actor alone will be able to provide solutions to the challenges we face as a global community.

It would be equally wrong to expect business to singlehandedly fix it as it would be wrong to expect it can be done without the active contribution of business.

# GLOBAL CONTEXT

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Playing  
an active role in  
finding solutions to the  
challenges we face is both a moral  
imperative as well as a requirement for  
the ongoing success in the market place





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# MENTAL MODEL

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B2B

# MENTAL MODEL

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B2C



# MENTAL MODEL

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B2G

# MENTAL MODEL

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H2H

# MENTAL MODEL

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Human2Human



# MENTAL MODEL

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Business  
is people working  
together with people  
to create value for people



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# KEY DRIVERS

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Great Organizations are Anchored in Strong Values

Purpose  
&  
Legitimacy

Passion  
&  
Integrity

Empathy

# KEY DRIVERS: PURPOSE

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Your purpose as a business is not what you do but why you do it and why society wants you to do it

*"Too many people think only of their own profit. But business opportunity seldom knocks on the door of self-centered people. No customer ever goes to a store merely to please the storekeeper."*

Kazuo Inamori: Founder of Kyocera



# KEY DRIVERS: LEGITIMACY

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You gain legitimacy as a business if your purpose, and the values that guide the way in which you pursue it are seen as desirable by society at large

*"Free enterprise cannot be justified as being good for business. It can be justified only as being good for society"*

Peter Drucker: Management Guru

# KEY DRIVERS: PASSION

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Passion is a reality when you are walking the extra mile without noticing it because anything less would feel wrong

*“Passion isn't something that lives way up in the sky, in abstract dreams and hopes. It lives at ground level, in the specific details of what you're actually doing every day.”*

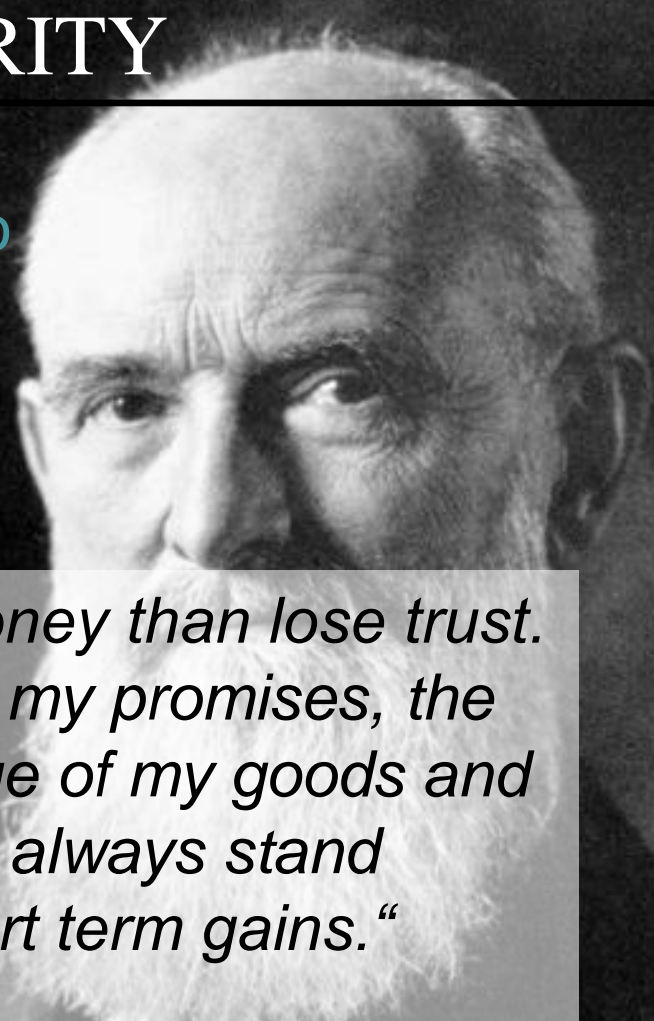
Markus Buckingham: Business Author



# KEY DRIVERS: INTEGRITY

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Integrity means to do what you say and say what you do and to constantly work towards the unity of both

A black and white portrait of Robert Bosch, an elderly man with a white beard and mustache, looking directly at the camera. He is wearing a dark suit jacket over a light-colored shirt and a dark tie. His hands are clasped in front of him.

*„I rather lose money than lose trust.  
The reliability of my promises, the  
belief in the value of my goods and  
trust in my word always stand  
higher than short term gains.“*

Robert Bosch: Founder of Bosch

# KEY DRIVERS: EMPATHY

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Empathy describes the capacity to imagine being in other people's position; it allows you to know what aims and needs others have

*"If there is any one secret of success, it lies in the ability to get the other person's point of view and see things from that person's angle as well as from your own."*

Henry Ford: founder of Ford Motor Company

# KEY DRIVERS

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Great  
organizations are  
purpose driven and legitimacy  
seeking, their members are passionate  
with integrity and they do what they do with empathy





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# MANAGEMENT PARADIGM

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## The Three Stepped Approach to Humanistic Management

**1**

Unconditional  
respect for  
human dignity



**2**

Integration of  
ethical reflection  
in management  
decisions



**3**

Active and  
ongoing  
engagement  
with  
stakeholders

# MANAGEMENT PARADIGM

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## The Three Stepped Approach to Humanistic Management

1

Unconditional  
respect for  
human dignity

- We rightfully expect our dignity respected under all circumstances, also in business environments
- Managerial tasks are frequently defined in ways that view people as instruments (human resources / human capital) rather than human beings
- Humanistic management embraces each person as an end in itself, as having intrinsic value
- Humanistic management lays a foundation for the alignment of business goals and societal aims by respecting each person as an end in itself

# MANAGEMENT PARADIGM

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## The Three Stepped Approach to Humanistic Management

2

Integration of  
ethical reflection  
in management  
decisions

- We need to move from corrective to integrative business ethics
- Too often can we observe business as usual and only if and when misconduct causes costly public outcry will corrective action be taken
- Humanistic management demands the integration of ethical reflection into managerial decision making
- Integrating ethical considerations in management decisions leads to building fundamentally sustainable businesses from the core

# MANAGEMENT PARADIGM

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## The Three Stepped Approach to Humanistic Management

**3**

Active and  
ongoing  
engagement  
with  
stakeholders

- Stakeholder engagements often disappoint all parties involved
- Stakeholder claims are not recognized as having intrinsic value but are seen as instrumental to business aims that are unrelated to the actual claim
- In humanistic management stakeholders have a right to be heard and their concerns are genuinely taken serious and viewed as having intrinsic value
- In successful stakeholder engagements the power of the better argument supersedes factual power



# MANAGEMENT PARADIGM

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## The Three Stepped Approach to Humanistic Management



# MANAGEMENT PARADIGM

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## The Three Stepped Approach to Humanistic Management

Great  
organizations  
show unconditional respect  
for human dignity, integrate ethical  
considerations in management decisions  
and actively engage with their stakeholders

# THE ENVIRONMENTAL CHALLENGE

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Every 6 hours  
the deserts of this world  
receive as much energy as  
humanity uses per year



# THE DISTRIBUTIONAL CHALLENGE

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We live in an age of abundance  
but we yet have to learn to  
create shared value and to  
share the value we create





# What Makes Organizations Great?

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