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Part I
Introduction
The new millennium brought us several unwanted surprises. The speculation bubble of the e-economy burst, immediately followed by tremendous scandals of corporate governance around the world. Confidence and trust in businesses and managers are at an all time low after the worst financial crisis since the Great Depression hit us in 2007. A different kind of manager is needed to turn the situation around and prevent such extreme future crises. Are the business schools that train future leaders and managers up to the task? Bear in mind that a survey by the Aspen Institute, which we present in this book, reveals that future business leaders continue to be rather unconcerned with the ecological and societal dimensions of their jobs. In fact, management education in general has been scrutinized for its impact on society (Gioia, 2002) and business schools are even openly considered “silent partners in corporate crime” (Swanson and Frederick, 2003). Several recent editorials openly question the role of business schools in society and ask how management education can be changed to meet the current challenges (e.g. Holland, 2009). Do these voices have a point and is this a new discussion?

Scholars have been wary of the skills and values transmitted by business schools for some time and have called for a rethink of management education. While management guru Henry Mintzberg (2004) has long questioned the value of an MBA, another management guru, Sumantra Ghoshal (2005), has argued that management education is based on fundamentally flawed theories. Rakesh Khurana, together with the now dean of Harvard Business School, Nitin Nohria (2007; 2008) urged the business community to embrace a professional standard akin to a law or medical degree, which includes professional ethics.

Even the United Nations sees business education as a crucial lever for positive change and started an initiative for responsible management education (PRME). However, the overall question remains to be answered:
how can business schools reposition themselves to provide the education needed to deal with the current financial crisis, preventing further economic mayhem, while successfully engaging with the challenge of social and environmental sustainability?

We are not claiming that we have all the answer yet, but with this volume we wish to contribute to the discussion by suggesting an alternative perspective for management education: a humanistic management education. In this book, we have compiled contributions from some of the major thinkers, as well as the important doers, in the field of management education.

In the first part of the book, we introduce the background to the current discussions, presenting the philosophical-historical development of management thinking, as well as an historical overview of the role of business in society. We describe the various perspectives on human nature, which guide the discussion of who we need to educate and to what end. We also depict the current criticisms of management education and several analyses of the status quo.

In the second part, we present a forward look and try to specify what we mean by humanistic management education, namely, a focus away from an organization centred perspective towards a human centred perspective for business and management. The aim would be to create profit not as a possible, socially accepted, end in itself but profit as a means towards the public good or as Aristotle said, happiness (eudaimonia). We present several conceptual but also empirical chapters that allow us to imagine what such a humanistic alternative could look like.

In a third part, we outline, with the help of the United Nation's Principles for Responsible Management Education (PRME), a way forward towards a more humanistic management education. We present surveys of business schools and their development towards humanistic management in different regions of the world (Latin America, North America, Europe, Asia, and Africa). We conclude by presenting levers for continuing change for administrators, faculty and students.

Overall, the aim of this volume is to further the discussion about strategic directions, provide examples, demonstrate the challenges ahead for the implementation of the humanistic management education model, and focus on ways it can be achieved.

Our target audience

When we compiled this book, we wanted to target all stakeholders in management education especially, of course, the senior leaders of education institutions and their flagship programmes, namely business school deans and executive directors. As such, we are targeting a group that will be familiar with:
a) The fact that business schools are often an easy target for the media when it comes to creating headlines. After all, we educated the business and possibly political leaders responsible for co-creating the current economic conditions with their general and specific problems. We instilled values in them. The media, and not only them, are thus right in calling on the schools to step up.

b) The fact that we continue to have signs of unsustainability in the world along with frequently recurring crises and scandals in the corporate sector. The recent economic crisis left the richer even richer, shrank the middle classes in the developed world further, and left the poor in the same state they were in before. The motto of “business as usual” has returned to the investment industry. Business schools have to play an active role as change agents delivering more progress, and not cementing in the status quo. Academia should embrace further change and engage in more self-reflection in order to challenge its own paradigms.

c) The fact that the current schools inherited many institutional problems and weaknesses from their predecessors but the fruits of our own efforts will only show later, for which the next generation of leaders will possibly take the credit. There is often inertia to be overcome but if we want to see change soon, the clock is ticking.

d) The fact that we all have an (academic) responsibility to trigger the right innovations, possibly ahead of time. Business schools are just too crucial a part of the economic system not to be part of the solution – a main part.

e) The fact that – as philosophers of all ages agree – the responsibility to act comes with the ability to act. After all, the motivation to have a positive impact on the business world caused many academics to join the field in the first place.

We, as the editors of this book, are no different. We aim to help and have an impact. Towering personalities have criticized business schools, the MBA degree, or the typical MBA graduate before us. We especially want to join the ranks of all those who have done so in a highly constructive way. We want to share insights but not point fingers without constructively providing a way forward. We want to add action-oriented and empowering insights into a more humanistic management, and a corresponding management education.

Humanistic management education focuses on the entire human being, be it in their roles as student, faculty, course director, employee, investor, consumer, supplier, or as citizen. As such, humanistic management education transcends the traditional, narrow shareholder centred views, stakeholder centred views, or ideological views. It aims to educate students to become citizens within the business context. Humanistic management education questions the value of profits as the unquestioned, sole end in itself. Instead,
profits are a means toward a higher end, the creation of sustainable public good. We view this public good as the creation of well-being for all citizens.

We have compiled this resource to clarify the roles of business schools. We have published it as a source of inspiration and we intend it to be a call for more reflection and for action towards life-conducive business and a corresponding management education. We believe that the community of management education stakeholders needs to play an ongoing role as we create answers and tools for the problems in this world.

We do not intend to point fingers – quite the opposite. We want to empower deans and senior academic leaders with this rich resource for contributing to a better society. You, as the reader, will not only get exposure to our thoughts but also hear other voices from carefully selected experts in the field.

The editors’ background in the humanistic management network

This volume is edited by the Humanistic Management Network (www.humanetwork.org) as part of our series on Humanistic Business with Palgrave McMillan. The Humanistic Management Network is an international, interdisciplinary, and independent network that promotes the development of an economic system in the service of human dignity and well-being. We are an active global group of scholars, practitioners, and policymakers whose aim is to contribute to the creation of a life-conducive economic system. We have regional chapters in various countries around the globe (Brazil, Columbia, Germany, Mexico, Switzerland, the UK, and the USA). The editorial team for this volume consists of Wolfgang Amann (Goethe Business School, Germany), Michael Pirson (Harvard University/Fordham University, US), Claus Dierksmeier (Stonehill College, US), Heiko Spitzeck (Fundação Dom Cabral in Brazil), and Ernst von Kimakowitz (University of St. Gallen, Switzerland).

The general perspective of the Humanistic Management Network is straightforward. We believe that we are currently experiencing a world where the human being and his or her fundamental needs have increasingly been broken down into material necessities. The “economization” of everyday life is supplanting humanistic ideals. These ideals, however, have been the foundation of free, liberal, and democratic societies, focusing on human nature and its potential in a holistic way.

At the Humanistic Management Network, we therefore believe that turning market economies into “market societies” may mean biting the hand that feeds us for we put at risk the very foundation of social peace and cohesion that is fundamental for a thriving free market economy. Consequently, business leaders, policymakers, and academics need to look for empowering prescriptions, which are based on an understanding of human nature that
goes beyond the reductionist *homo oeconomicus* model. Only then will we be able to generate and sustain prosperity in a global economy and enjoy the benefits of “markets within societies”.

This is why we aim to be a catalyst of interdisciplinary inquiry with regards to the challenges we face today. This is why we have come to believe that, through its unifying character, humanism provides the necessary framework to guide our thinking on the future of market economies and the role of businesses in them. We aim to protect and enhance human dignity in economic systems and condense ideas into effective positions.

As mentioned, this book is part of a series of scientific and practitioner-oriented publications. In our book, *Humanism in Business: Perspectives on the Development of Responsible Business in Society* (Cambridge University Press, 2009), for example, we described how the theoretical and conceptual foundation of a humanistic management approach may affect business conduct. In our book, *Humanism Management in Practice* (Palgrave Macmillan 2010), we demonstrated how humanism in action can work, and what shapes it may take in the real world, by presenting 19 case studies of humanistic companies around the globe.

**Foundations of this book**

We base our reasoning for each of the chapters, and the general call for the further evolution of business and management education, on several pieces of ground work. As well as several of our own multi-year research streams and corresponding publications in the field of philosophy, ethics, sustainability and sound management, we organized panels on humanism at key academic conferences. We especially benefited from, and incorporated insights from, the W. Edwards Deming Memorial Conference entitled “MBA Under Siege: Reimagining Management Education”, held in May 2010 at Fordham University in New York.

Furthermore, we held fruitful and focused discussions about the purpose and performance of business schools with deans and industry experts. We had discussions with 100 plus deans and other senior academic leaders at Harvard’s Institute for Management and Leadership in Higher Education.

The editors, as a group, incorporate first-hand experiences from being:

a) the main project lead for two new school foundation projects and a new fully-fledged university;
b) an executive academic director as well as executive director of executive education, and management board member of a third school;
c) a vice-director, and executive director of international programmes and international sales of a fourth;
d) involved in several strategizing processes at the top level of different schools internationally.
This allows us to understand both the necessity for business schools to change, as well as the constraints in real life. The fact that each school portrays its own particularities makes the analysis and the problem solving processes still more complex, of course. Broad normative guidelines and concepts need to be adapted to particular settings. Simultaneously, we made sure we did not adopt only a Northern American or European centred view. National cultural and educational traditions differ but we have been convinced through our discussions and interactions with local educational leaders that the essence of this book can be of general relevance.

**Detailed overview of the book**

As indicated, the book has three distinct parts. Part I delivers the philosophical, historical, and conceptual foundations of the role of business schools. We create transparency about the key issues we see at this point in time.

In the introductory chapter, **Claus Dierksmeier** argues that a paradigm shift is under way in management theory: a reorientation of economic thinking away from the methods and models of the natural sciences towards the humanities and the social sciences. He begins with a historical reconstruction of the economic thought of antiquity and the middle ages, showing how, up to the philosophy of the late 18th century, normative ideas (about responsible freedom and human dignity) oriented the economic discourse. Modern economics, however, deviated from this path and steered towards a narrowly materialistic understanding of economic behaviour, epitomized in the *homo oeconomicus* model. From this inadequate approach to human nature, argues Dierksmeier, inferences were made whose negative practical import we came face to face with in the economic crisis that began in 2007.

In order to re-orient business towards its moral, social, and environmental responsibilities, it is necessary to anchor economic thought again in a discourse about the very human values that the economy is meant to serve. Management theory can only design appropriate parameters for contemporary business if an open discourse about the qualitative aims of society is allowed to inform and transform the quantitative goals of business. Instead of relegating moral deliberations to business ethics, CSR, and sustainability classes alone, we should allow the entire realm of business education to be overhauled by a decidedly humanistic management philosophy based on the idea of responsible freedom.

**Michael Pirson** outlines key insights into the role of corporations and business in society. The chapter clarifies the point that the purpose of the firm remains the main starting point for revising, or keeping our hands away from, management education. If we want to rethink management education, we need to create a shared understanding of the ultimate purpose that management education needs to serve. He therefore critically reviews
the changes in dominant views over time. He concludes that, while quite obviously the debate about the best and most legitimate goal of a corporation has not ended, the themes of common wealth, common good, and even happiness seem to resurface time and again. There is substantial value in them and there are indeed interesting, inspiring, and motivating alternatives to shareholder value maximization.

Silke Weisweiler, Claudia Peus, Alexandra Nikitopoulos and Dieter Frey strengthen the foundations of our argument for a more humanistic management by adding the next building block. The authors shed more light on the pedagogical foundations with their insights into human functioning as a basis for humanistic management education. This chapter critically reviews how human behaviour has been found to deviate systematically from the predictions of rational utility maximization and thus the homo oeconomicus model. This is a crucial insight and runs counter to the many theories and functionalist views so predominant in business school teaching. A number of the most prominent psychological theories, such as Prospect Theory, Dissonance Theory, Self-Affirmation Theory, or the Theory of Organizational Justice, are introduced and critically reviewed. The last named draws attention to how human decision-making and behaviour are influenced by certain non-rational tendencies such as loss aversion, hypothesis-guided perception or the importance of sustaining a positive self-image or the feeling of having been treated fairly. Finally, the application of these theories to organizations and their relevance to humanistic management education are discussed.

Net Impact, an international non-profit organization with a mission to inspire, educate, and equip individuals to use the power of business to create a more socially and environmentally sustainable world provides a quantitative foundation for the message and wake-up call of this book. A recent undergraduate survey is presented, based on the views of 1650 undergraduates across 45 colleges. The good news is that there has been a profound shift in undergraduate support for business working towards the greater good. But, simultaneously, Net Impact offers the rather shocking perception that less than a quarter of undergraduates believe that today’s leaders actually demonstrate sound, ethical behaviour. Over the last few years, more students have come to believe that the for-profit sector should address social and environmental issues. The chapter moves beyond depicting the hope we can put on undergraduates in business as there is substantial homework left to do.

The Aspen Institute, seeking to create business leaders for the 21st century who are equipped with the vision and knowledge necessary to integrate corporate profitability with social value, enhances the empirical foundations of this book through a joint study with Net Impact. In addition to the preceding chapter’s survey of undergraduates, this chapter adds data and insights regarding MBA students. 1850 MBA and graduate students from 80
different programmes took part. The results strengthen our wake-up call. Few feel prepared by their programmes to overcome short-termism and prevent or master future crises. There is a clear need for action!

Business journalist, **Kelley Holland**, opens Part II of the book with her insightful summary of the W. Edwards Deming Memorial Conference on the MBA at Fordham University in May 2010. Part II of the book makes clear which directions business schools ought to take, and why. The conference brought together key experts in business academia, as well as critical voices. Michael Jensen, Edward Freeman, Rakesh Khurana and Henry Mintzberg were amongst the voices that discussed where business schools ought to be heading. The panelists agreed that management education is in need of a major overhaul, though they differed on specifics, as the chapter by Holland describes.

**Rakesh Khurana** then continues with a focused chapter on how business schools developed, thus adding a historical perspective. The title of the chapter, 'From Higher Aims to Hired Hands – the Social Transformation of American Business Schools and the Unfulfilled Promise of Management as a Profession’ gives the reader an indication that we have not reached our final destination when it comes to developing business schools. While the chapter focuses on US schools, its insights are relevant throughout the world due to the continuing “Anglo-Saxonization” of business education around the globe.

**Amanda Goodall** moves beyond the research and delivery tasks of business schools and inquires if we should put more emphasis on a drastically increased situation specific management education rather than on generalized, standardized content and tools. The challenges faced by managers and leaders are so heterogeneous that we cannot easily speak of management as a profession similar to others with an established core of tasks. This needs to be reflected when educating managers and teaching business studies to a much greater extent than happens now.

**Ross McDonald** takes the analysis further by exploring the principles of a humanistic education. This is crucial, given the Gandhian call to first move, oneself, towards the change one wants to see in the world before demanding more from others. Humanistic education ought to engage more with the inherent humanity of learners and to bring this into fuller expression. This, Ross McDonald argues, can be accomplished best by creating respectful spaces in which students can be guided toward deeper learning by the use of facilitating questions and focused debate.

**Walter Javis** extends the scope of this book by giving details of the content that should be taught and debated. He describes how to restore genuine trust in the MBA. Relying on Kant’s rich work, he outlines a road-tested Kantian pedagogical approach towards cultivating moral judgment and accountability.
Michael Pirson delves into leadership theory to create a better understanding of the survival mechanisms that have allowed human beings to flourish in the past. Applying those lessons would allow us to rebalance our corporations and our economic systems. Since most of our current business theory is understood within an economic paradigm, most people will need some time to gain a better understanding of the implications of the theory. Once understood, skills need to be developed to manage for four drives in total, rather than just one (balance vs. maximization orientation). These will have consequences for what we teach and preach in business schools.

Chukwunonye Obi-Ogulo Emenalo constructs the foundations of a human centred theory of the firm that takes a balanced and holistic view of the nature of humans and firms. In the end, he concludes that the choice is really ours as social scientists and management academics: we either develop theories that will improve the effectiveness and efficiency of firms without dehumanizing the members of those firms, or we continue with the status quo. He argues that we share responsibility for the effect our theories have on the firms that we are trying to understand and improve. Such new theoretical thinking will have an impact on what we teach in our business schools.

Dieter Euler and Sabine Seufert advance our journey of learning by not only looking at the content which should be taught in our business schools. Their point of departure is to question what type of graduates and executives we actually want, and need, to see. They demand that the normative reference point of management education be more explicitly spelled out. For schools, this would mean, as a guiding principle, emphasising reflection on the structures, processes and tools of management practice rather than the transmission of knowledge.

Mary Gentile starts by asking what business professors are actually doing. Are they providing students with the knowledge, skills and tools merely to maximize profit, leaving it up to the students to decide whether profit is an end in itself or a means to some other goal, beneficial or destructive, for a firm’s stakeholders? In other words, is their subject matter “value neutral”? Or is that stance, in itself, already a value laden position about the assumed amoral nature of business activity? She suggests business schools provide substantially more space and opportunities for values to be discussed.

Maurizio Zollo explores the crucial issue of social development and derives recommendations for management education from it. Experiments are proposed to make progress. To him, the pedagogical practices currently implemented in business schools, corporate universities and executive training centres may only suffice to raise managerial awareness of the multiplicity and complexity of the issues at stake. They may not suffice for developing a deep consciousness of managers’ social role and responsibilities in their daily activities, let alone the ability to act accordingly.
Also exploring innovative pedagogies, Gordon Bloom and Michael Pirson describe the cornerstones of an emerging university pedagogy. The goal is to unleash a rising but well-trained generation of leading agents of social change. The professionally run social entrepreneurship laboratories which are now being introduced at top schools have the potential to create a better environment for such social and business change agents than traditional teaching pedagogies could ever do.

John-Christopher Spender and Jeroen Kraaijenbrink argue along similar lines. Both the content and pedagogy have to evolve to make business schools and management education more humanistic. But according to these authors, success and change already starts at a different point. This chapter’s central argument is that different kinds of research generate different kinds of knowledge; and different kinds of knowledge demand different modes of education. The authors move beyond the traditional choice between positivist and interpretivist modes of management research and education by adding an agentic approach to the option space.

Ed Freeman and David Newkirk add their thoughts on the role of research, arguing that we have too much rigidity in the system and research processes need to be updated. The purpose of their chapter is to open up a conversation about what counts as research in business schools, given that business is a profoundly human institution. The full panoply of modes, methods, and ideas from across the intellectual landscape are capable of generating useful insights into how human beings create value and trade with each other. Such an approach happily coincides with a recent report by the AACSB on the state of research and scholarly inquiry into business schools and, at least in management journals, there seems to be some appetite for considering these questions.

Manuel Escudero opens Part III of the book by presenting his thoughts on the future of management education. His main message is that a process of revising business education, in order to be legitimate and effective today, has to be global and inclusive and has to be done around a commonly accepted framework. He outlines the results and further potential of the PRME (Principles of Responsible Management Education) initiative, with more than 300 schools working on implementing them. The overarching goal is to place the new paradigm of sustainable and responsible value creation at the very core of business education.

Fiona Beylis continues the international review with an overview of humanistic management education in Europe. Europe is a patchwork of different educational traditions. Yet, selected places emerge as positive examples. It is particularly worthwhile to note that schools like IESE pursue humanism as a core mission, not just as a fad riding on the CSR wave or a mere reaction to the financial crisis.

Annika Rehm, Uwe Schneidewind and Karoline Augenstein have compiled a focus chapter on management education in Germany, Europe’s
largest economy. In spite of – or maybe because of – having a stronger stakeholder orientation as the foundation for business in society, PRME initiatives lag behind their potential. Schools interested in catching up would benefit from studying the best practice example provided in the chapter.

Ifedapo Adeleye, Kenneth Amaeshi and Chris Ogbecchie share their insights into humanistic management education in Africa. As their review indicates, the journey towards a more humanistic management education in Africa is a long and challenging one. Business schools in Africa are highly westernized in their curricula and orientation, and even the formal business sector is dominated by western multinational corporations, making management and management education highly susceptible to western influences. The dominance of western theories and practices has historically been criticized for being overly rationalist and instrumentalist and therefore a major cause of organizational problems in the region. But, the authors argue that it can provide a useful way forward in the journey towards a more humanistic management education. As western humanism and academic social responsibility continue to gain ground in the west, and around the world, the west-oriented business schools in Africa spread these concepts. The authors also outline areas and mechanisms for positive and accelerated change in the region.

Eon Smit continues this exploration of the diversity of initiatives and traditions in Africa. He describes what has been labelled “the pedagogy of hope” and takes a clear position on the risk of confusing business schools with the Salvation Army, possibly overburdening business schools.

Dawei Ding and Bin Yang from the People’s Republic of China, Mitsuhiro Umezu, Claude Patrick Siegenthaler, and Akiko Okamatsu working in Japan, and Yong-Seung Park from Korea successfully take on the ambitious challenge of reviewing humanistic management education in Asia. Their chapter summarizes particular cases of responsible management education programmes from three leading business schools in China, Japan and Korea. Each case analyses the university’s current state and special features, the characteristics of its programmes, and its challenges and future directions in the context of each country. Finally, the authors propose a collaborative model of PRME among Asian business schools based on two pillars: active communication through participation in PRME’s new policy, Sharing Information on Progress (SIP); and the incorporation of Asian indigenous wisdom into PRME programmes in the region.

The review of humanism in management education continues with an analysis of the situation in Latin America. Hector Hernandez reviews practices at institutions like IESA, USAM’s MGA, INCAE-CLACDS, and CEATS at USP which offer some of the strongest regional work in responsible management education. Clearly, the degree to which the schools address environmental and social responsibility issues differs, each institution finding different approaches. While the reputational advantages are obvious,
responsible management education will have to find its rightful position as a discipline of serious academic rigour alongside all other MBA programmes in Latin America.

This survey of business schools around the world closes with some further thoughts on developments in the US. The Aspen Institute looks at the extent to which we have made initial progress, for example, by incorporating sustainability into the curriculum. This would at least allow for more balanced decisions, enhanced responsibility amongst future managers and business leaders, and support the quest to overcome the signs of unsustainability. The good news is that more and more business schools are heeding the call to prepare their students to be environmental and social stewards, and ethical actors in the workplace. In addition, good faculties are drawing on interdisciplinary resources to teach sustainability subject matter and instil habits of mind that are likely to serve students well in their careers.

Part III of the book goes beyond an overview of progress made locally and internationally. We have included views on change mechanisms. James Weichert and Michael Pirson present organizations other than business schools which act as catalysts for curriculum and business school change. Net Impact, AACSB, EABIS, EFMD, AASHE have had an impact and continue to be active players when it comes to ensuring progress within business schools. The authors round out the analysis of such institutions acting as agents empowering change with a portrait of the Aspen Institute.

Martin Herrndorf, Patricia Mesquita and Katharina Beck add the element of student initiatives, namely oikos, to the list of mechanisms for change within business schools. The authors conclude that the activities implemented within oikos have revealed how student projects can raise awareness about sustainability, empower entrepreneurs, and change universities. The examples of oikos conferences, lectures and simulation games show how local oikos student entrepreneurs can create awareness. With their action-based learning methods, they position themselves ahead of the established university structures and meet the demand of their fellow students to tackle urgent sustainability-related topics. The impact of such organizations does not stop there. Even faculty positions can be funded by means of them. Researchers and course instructors benefit from the organized global case writing competitions offered by the affiliated oikos foundations.

Heiko Spitzeck continues by presenting an integrative developmental model for humanistic management education. He describes the principles, skills and knowledge that can foster the education of the right kind of manager. He then provides a framework within which business schools can position themselves on a learning and development curve when it comes to a more humanistic management education.

Kelley Holland addresses another initiative, which theoretically carries substantial potential. Recently it has been suggested that graduates of MBA programmes take oaths. Like any innovation, the oath idea will have
to evolve over time. It will also have to cope with the complexities of the business world in which decisions and operational activities take place in groups: it is not like a single person or doctor deciding which medication to hand to a patient. The biggest benefit is likely to be the resulting discussion about value and values in business schools and the media.

Wolfgang Amann and Shibab Khan conclude Part III of the book by outlining what deans must deliver. Without the right leadership at the top of the business school, success is impossible. Based on several patterns observed in real life, top priorities are presented.

These are the contributions we carefully selected when we built the case for a more humanistic management education in business schools. They are like a buffet we have prepared for you. Select those parts which are of most interest to you. If would like to discuss these thoughts further, please do not hesitate to contact us at info@humanetwork.com.

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