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Towards a Better Understanding of World Humanism

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What is the purpose of this book?

The main purpose of this book is twofold. First, together with our fellow authors, we want to mirror and embrace the complexity inherent in the different shades and ways of understanding humanism in business. It is very tempting to ignore this phenomenon and simply let it lie, as the local idiosyncrasies we have experienced during our research, teaching, and consulting projects around the world is bewildering. These local elements often present themselves quite distinctly, while at other times they are less noticeable. Overall, the sheer plethora of shades eventually leads to a rather fascinating kaleidoscope. The second purpose of this book, therefore, is to endeavour to capture this kaleidoscope.

The book follows other prominent business challenges' in research and practice: the decades-long discussion about culture-bound versus culture-free management, on the one hand, and the dire need to better match concepts and semantics to reality. Regarding the culture-free versus culture-bound management debate, the emerging interim conclusion sees elements of universalism, convergence, and divergence in different fields. Our call for more humanism in business, which grants human dignity a centre stage position in the business world, for more balanced goals than merely maximizing profits and shareholder value shows a universalist trait. We must acknowledge that the past and current developments as well as the future avenues of making progress were, are, and will all be different. Deducting or inducting theories, concepts, and solutions will be rendered more

difficult because the environment in which they have to be applied may differ – and change over time.

A case in point is the Peoples Republic of China. Through our practice, research, and teaching projects over the last 17 years, we have noticed several major shifts in the managerial orientations in this country. At first, Western management models, styles, skills, and solutions were ignored, then embraced, almost blindly sought after, and then mimetically copied. Subsequently, these increasingly showed and continue to show severe limitations on the conceptual and, thus, the desirability side as well as the transferability and, thus, the feasibility side regarding the adoption of Western management in China. The success of Chinese companies has also entailed much stronger confidence in their own approaches and management styles. We want to illustrate this increased confidencs in the following: For years, we have run top executive educational programs in Germany. The Chinese delegations we encountered at first chose a business school in Germany as it seemed to take a clear position against Anglo-Saxon institutions and because Germany seemed to be a more balanced economy and more resistant to financial crises than most other countries. In addition, Germany had a key position among the world's export champions, although it had only a fourth of US population, all of which strengthened the Chinese's quest to move away from Anglo-Saxon system thinking. This last switch we noticed when delivering programs for hundreds of senior leaders, for example, from the China Development Bank, which sets the standard for projects with their numerous clients. The development can best be described as a move away from 'you have to teach us the right way to do it' to 'inspire us to support the development of own solutions'. Management in China thus has undergone major shifts in less than two decades, evidencing dynamics. The latter apply to other rapidly developing countries as well. This complicates the understanding of the glass splinters of the world humanism kaleidoscope as they are a moving target.

Besides the culture-free versus culture-bound debate, the other 'evergreen' that has inspired this book is our desperate need to enrich our vocabulary and, of course, to improve our ability to cope with it more adequately. The Sami people living in the northern parts of Scandinavia and Russia have at least 180 words related to snow and ice and as many as 1,000 words for reindeer (Robson

2013). Both of these are key for their survival, and the vocabulary matches the diversity encountered. Do we use the same vocabulary for and have an identical understanding of sustainability, or social and environmental sustainability? Is there a global understanding of how to achieve these? Do international managers know, for example, about ubuntu, which is so important in Africa? This book postulates that we, the researchers and the practitioners, have for too long not actively developed the proper semantics to depict reality. We obviously do not see salvation in creating 1,000 words for sustainability to convey progress. But we do see the necessity to diverge first in order to increase our awareness of what the notions comprise and, thus, capture the long-ignored diversity. Only then can we achieve convergence of the most suitable typologies and semantics, and tackle the next crucial question.

Why do we need more humanism in the world?

We are not arguing against the invaluable assistance that companies can provide us in satisfying our needs and aspirations as human beings. In contrast with planned economies, which various countries experimented with, market forces and a business motor built to solving problems tends to produce better results sooner. Our discussion at this point omits – for focus reasons – the role and impact of ideologies and religion, which have their own dynamics.

Our discussion does not omit the severe repercussions businesses have. Deregulation and deteriorating values promote negative forces against which our economies have to be protected. Environmental degradation, evaporating trust in business, increasing inequality, cocoonism, and financial crises at regular intervals indicate that we are not making as much progress as we can and should. Black sheep in every industry cause headlines with such a frequency that newspaper editors must start wondering how many scandals, for example, involving Goldman Sachs and Deutsche Bank, they can print before their readers reach a saturation point. The Deutsche Bank has been embroiled in scandals regarding their manipulation of the LIBOR in an industry-wide collusion, shady real estate investment deals in slums, bets on harvests, etc. The latter scandal truly reveals the bank's real face while internal papers warn of the deadly consequences. The six main betters and gamblers involved in speculations

on harvests drove an additional 44 million people to starvation, six million of whom died. Yet, the bank's PR department issues statements confirming that, contrary to their own internal studies, no such link can be established. Furthermore, the former head of the investment division, Anshuk Jain, who was formally in charge of the investment strategy and portfolio activities, had no knowledge of the details. He is currently the co-CEO but no one knows in which directions he will navigate the company. Interestingly enough, his predecessor Josef Ackermann wrote his doctorate on ethics, which neither seemed to have prevented the Bank from indulging in questionable deals, nor did he manage to achieve any of his own and publicly stated financial goals in his ten year reign!

The banking sector is not the only industry where black sheep or bad apples seem to have taken over, as we have outlined before (Amann and Stachowicz-Stanusch 2012a). Therefore, it is no longer possible to only blame the harsh and impatient investment community for pressurizing companies so much that they start to cheat or adopt questionable, short-term practices. The downsides of shareholder value orientation and profit maximization became increasingly unquestioned and pervasive. Deregulation and strong lobbies accelerate the progress down a negative path. As we outlined before, business schools and executive education institutions play a crucial role as well, and they are certainly not fully tapping into their positive potentials (Amann et al. 2013a; Amann et al. 2013b; Amann et al. 2012; Amann and Khan 2011). We, therefore, do not merely point fingers or aim to seek attention through scandalous accusations. Au contraire, we have suggested an integrated solution for the perfect business school in the form of our HUBS concept (Amann et al. 2011). We have outlined the foundations of humanism (Spitzeck et al. 2009). We have illustrated sound humanism in practice (von Kimakowitz 2010). In our book series, we published hands-on solutions from inspiring industry leaders, including in the banking industry (Spitzeck et al. 2011). We have also outlined the paths to build humanistic organizations, thus not only clarifying in general what needs to be done, but clarifying how to constructively make progress as well (Amann and Stachowicz-Stanusch 2012a; Amann and Stachowicz-Stanusch 2012b). Our quest to publish analyses and solutions addresses the need to help steer our economies, businesses, executives, and managers, and also our business schools in

different directions. If ignored, the downsides will worsen and entail even more financial and societal crises. This is why we need more humanism in business – badly.

What is humanism?

We believe that humanism in business is best characterized and defined with the help of the following five features:

- **A new goal in a more balanced goals system:** As the core of humanism, human dignity is fostered as an end in of itself. Humanism in business thus represents a broadened and more balanced goal system for business entities that goes beyond responsible business practices. Humanism in business attempts at more than just balancing financial, social, and environmental aims – it grants human beings a centre stage position. Humanism in business demands a drastic shift from the view of 'human resources' to the human purpose of businesses.
- **A universal guiding star that is viewed from different positions:** All business decisions must integrate ethical reflections, which are the guiding principles. Absolutes do not do justice to reality. Since human beings reflect different cultures, their developmental needs and human dignity should be understood in relative terms. This will prevent any form of prescription or value imposition without due diligence regarding what needs to be ruled on or organized. Degrees of vulnerability, emancipation, freedom, and information endowment differ – and so should the way we bring the concept to life in a specific setting at a concrete point in time to discuss temporary solutions.
- **A new way of legitimization:** The above defining criteria are in line with a more reasonable legitimacy logic beyond the corporate level, which therefore links business and society. Michael Porter (2011) suggests succinct wording by positing that, in the old thinking, what is good for business is good for society. This old train of thought needs to be replaced with the perspective that what is good for society is good for business. We posit that humanism and discourse on the above criteria help to legitimize and categorize people and their motives, actions, and results as good.

- **A construct for a learning and evolutionary approach:** We are currently enhancing our available body of knowledge at a tremendous speed. The related sciences from psychology, sociology, anthropology, pedagogy, and andragogy, to name but a few, exponentially increase what we know at short intervals. The interdisciplinary nature of business administration must be brought to life more extensively. This enables us to understand human beings more holistically – not merely as human resources – and to create with them, not at their cost. There is a likelihood that we may discover and develop newer and better solutions of a higher quality. It is also likely that we may learn more effectively about how solutions work and how they can be designed and implemented in specific settings. Therefore, we need the zeal and skills to rapidly develop versions 2, 3, and 4 of a once developed solution in order to continuously improve it.
- **Pairing the ideal with pragmatic results:** As far as actionable knowledge is concerned, we take a clear position that pragmatic, yet tangible, results today are worth more than the utopist, perfect solution which may actually never even emerge. Proclaiming the highest standards with little regards to feasibility, ignoring resource constraints, inertia in systems, and lacking the skills to produce the most perfect and, therefore, the most likely complex solutions can only serve to be self-deceptive.

The approach of this book

It is the responsibility of the editors to ensure that the most suitable approach is chosen when compiling an interesting learning journey for the reader. As we have already experienced the diversity of the global kaleidoscope with regard to humanism, the underlying question for this book is not whether there are differences, instead, we focus on the question of what these differences comprise of. We thus focus more on an inductive approach. While implementing this approach, we fully incorporate the readers in the sense-making progress. We compile a variety of impressions which are substantiated with historical reviews, current practices, and developments. At this point in time, we are aware of many international and intercultural differences. Since we do not know what we do not know, and thus have blind spots, we acknowledge that the chapters are a

selection – a snapshot. We explicitly encourage further research into the practices and regions, as well as into those we could not include due to space constraints. As outlined above, we adhere to a learning approach, which means our knowledge will evolve – either through our future efforts or through those of our colleagues and peers.

In compiling this book, we have put together a buffet of ideas. There is no restrictive dogma with ready answers already in place. We encourage the reader to read selectively and choose freely from the available selection the parts which seem most attractive. The choice is yours. Learn new flavours, or reinventions, and new approaches to what you have already experienced.

The structure of the book

The book chapters are pretty straightforward. We start our learning journey with Western management and move on to what the Americas have to offer. We progress to the Pan-European and African illustrations, before approaching the Near and Middle East. Subsequently, we embrace and explore the insights we derive from Asian regions, countries, and economies, before we offer our conclusions. More specifically, we cordially invite the readers to 'taste' the following morsels.

Sigmund Wagner-Tsukamoto from the University of Leicester is the first of the authors who contribute to this volume. In his chapter, he contrasts the concept of economic humanism with behavioural concepts of humanistic management, as they tend to be informed by sociology, psychology, and anthropology, for example. Wagner-Tsukamoto critically questions whether conventionally understood economics and management practice that builds on conventional economic teaching and research are non-humanistic and that their views of human nature are in any respect 'dehumanizing'. The author suggests that this behavioural humanistic criticism be taken more seriously. The chapter stresses that a humanistic dimension of economics-based management differs from behaviourally oriented humanistic management.

Beyond this introductory chapter outlining classic and modern Western management thinking on humanism in business, Joseph Petrick from Wright State University delves deep into humanistic management in the light of North America's prevalent business

ethics. This chapter's critical review covers Canada, the United States, and Mexico. It sharpens our view of world humanism by sharing the past and current developments in a region which – according to the author – has been the most productive global region for business ethics research, teaching, and training during the covered period. The author bases his insights on a survey and uses as evidence two North American business ethics trends relating to management. Petrick elaborates on corporate and economic practices that reinforce humanistic management principles. Furthermore, he places humanistic management in the context of sustainable stakeholder capitalism. The author's chapter is an important addition to the exploration of world humanism as we find substantial alternatives even within North America, with its high emphasis on financial outcomes. The question therefore is no longer what the alternatives might look like, but how they can be achieved before an extreme capitalism demonstrates all its downsides even more frequently.

The United States is under heavy scrutiny. Media coverage and considerable research are available on the degree of progress being made. Practices in Mexico and Canada seem to have converged. Carlos Largacha-Martínez of Universidad EAN adds a different viewpoint. In an ambitious endeavour, he explores the concept of alterity and otherness within the body of knowledge on humanistic management. His regional focus is on Latin America. The author believes that the Argentinean philosopher Enrique Dussel and the way we build self-identity in relation with and through others had an important impact. He substantiates his observations and claims with the help of two case studies from Columbia, providing deeper insights into two specific settings. Furthermore, he mentions Eugene Gogol, another philosopher, who emphasizes the importance of liberation when it comes to increasing the respect of dignity. The path dependency and interdependency in the country's history is highlighted in this chapter.

Turning our attention to a different part of the world, Robert Strand from the Copenhagen Business School reflects critically on the Scandinavian understanding of humanism in business. The author does not only remain theoretical, but bases his train of thought on a case study of IKEA. The chapter illustrates that humanism is not only relevant on the normative level of leading and managing. Strand breaks down the value of humanism to the strategic level. He outlines

how a cooperative, strategic attitude can promote humanism in business. In turn, humanistic management also impacts strategy and the academic field of strategic management. The chapter applies the academic concept of critical incidents, or 'moments of truth' in lay terms, to illustrate how one can pinpoint humanistic management at the moment of critical decisions. The chosen moment demonstrates not just whether a company aims to do well and good, but whether it actually does it. Child labour is the topic under scrutiny before the author generalizes by addressing the broader Scandinavian cultural considerations.

Clemens Mader from the University of Lüneburg continues the learning journey by critically reviewing the Germanic culture cluster consisting of Germany, Switzerland, and Austria. Like Japan and South Korea, these countries do not adhere primarily to an MBA educational system and, as such, none of them are as badly affected by the crises as those countries with such an educational system. The author outlines the recent and current policies and initiatives that strengthen and promote humanistic management. He places special emphasis on national understandings of humanistic management. Federal constitutions, emerging and observable sustainability strategies, as well as civil society initiatives embrace an economy for the common good more than many other countries. Mader concludes his contributions with the distillation of four key trends in the region. The reader will gain a profound insight into one of the success mechanism of the region. The region as such also experiences severe forms of capitalism. It experiences the drastic repercussions that an unbalanced economy can have for society and peace. The main lesson may well be that despite insufficient conditions, it is crucial to change and develop better systems. As the author outlines, the countries under scrutiny developpartly in parallel and partly in convergence.

Lukasz Makuch adds complementary thoughts while shedding light on developing the Polish environment for humanism. According to the author, the historical background is important as there are clear-cut path dependencies. Interestingly enough, five prominent stages can be identified when it comes to making business practices accept more social responsibilities. According to the author, the institutional environment plays a crucial role in impeding or fostering greater progress. There are very positive developments, which

in turn produce varous problems. Corporate social responsibility, sustainability, and business ethics are too frequently just company PR. They have not been truly integrated into the company's core and goal systems as much as might be desirable. These much needed and modern concepts continue to be misunderstood and their strategic potential ignored. They too frequently only apply at the charity or community initiative level, which is deplorable. Although the tools and measures have indeed been professionalized in other countries and the academic literature, Poland lags behind regarding their adoption. Although somewhat daunting, the chapter represents a reality check and honest view without any sugarcoating in any way.

Marco Minghetti from the Università di Pavia summarizes our partial exploration of the European environment. He outlines the cornerstones of the Italian version 2.0 of humanistic management. Emphasizing that humanistic management may not be a new absolute and axiomatic truth but rather a new form of discourse, the author draws links to organizational and philosophical concepts. In particular, he links humanistic management with William of Ockham and Ockhamist organizations. After providing additional interdisciplinary connections, the author outlines the Humanistic Management Manifesto with elements of European humanism beyond Italy. Scientific management with its reductionism, conservatism, and impersonalism emerges as a rather dated concept.

Shiv Tripathi (Mzumbe University), Wolfgang Amann (Goethe Business School), and Faustin Kamuzora (Mzumbe University) extend the geographical scope of this book by including Africa. Africa is partly extremely fragmented to a certain degree, while partly making at least one key contribution to the world of management: the ubuntu concept. Originated from the Bantu dialects of Africa, ubuntu offers a philosophy with which to understand the entire world as a closely knitted bond of human relationships. Traditional ubuntu wisdom could be used to analyse the mutual effects of organization-individual interactions within and without organizational boundaries. The increasing impact of human values and the universal ethics-based management school of thought in the broader subject area of management is an opportunity to explore indigenous knowledge from the African cultures to reshape management theories and concepts. Based on the basic assumption that 'I exist because you exist', this humanistic philosophy could be used

to blend the managerial decision-making process with human concerns. The chapter aims to explore the insights from the ubuntu philosophy which can be used to develop a humanistic managerial decision-making model. The chapter is based on the rational conceptualization of existing subject knowledge, organized carefully through an extensive review of the literature. The chapter presents a humanistic managerial decision-making model on the basis of ubuntu fundamentals.

After travelling south, we embark on a journey towards the Near and Middle East. Mark Schwartz from York University revisits ethical business practices in Israel. The chapter establishes links between humanism, management practices, and Jewish ethical traditions. Jewish business ethics does not seem to rely on moral principles generated by contemporary moral philosophy. Again, we observe history playing a dominant role. In the context of Israel, it is strongly connected to religion, key literature, more explicitly the Torah, but also the Talmud, rabbinic commentaries, and *halakhic* decisions. The chapter continues by describing Isreali business leaders and their perceptions of business ethics and humanism. A series of ethical issues are discussed in the local context and a comparison is made with non-Israeli business ethics. The chapter closes with a critical comment on whether Israel currently serves as a role model on normative terms and if there is more potential to do so in the future.

Jawed Akhtar Mohammed from the Swinburne University of Technology in Australia contributes his take on the Islamic morality paradigm. The latter is presented in light of *Shariah* – the Islamic social and legal system. According to Islam, whatever leads to the welfare of the individual or society is morally good. Whatever is injurious is morally bad. The moral or ethical system prescribed in Islam is eternally divine and forms the foundation of an Islamic society. Islamic morality requires its followers to zealously guard their behaviour, words, thoughts, and intentions and to observe certain norms and moral codes in their family affairs: their dealings with relatives, with neighbours, and with friends; their business transactions; their social affairs; and in their private and public lives. The unique feature of the Islamic moral or ethical system is that it permeates all spheres and fields of human life. Islam also has its own distinctive value-based ethical system for business dealings. It prescribes certain specific

guidelines governing business ethics, which are primarily dictated by the notions of *halal* (lawful or permitted) and *haram* (unlawful or prohibited) as per Islamic jurisprudence (*fiqh*). This chapter and the underlying study explore the moral paradigm or ethical system in Islam which is essentially a reflection of the divine commandments, a guideline for right and wrong, and an enumeration of the general ethical rules of business conduct in the humanistic tradition.

The next chapters allow us to move towards yet another region and set of countries. They explore the key countries in Asia, such as India, the Peoples Republic of China, and eventually Japan. Bima Arora (Nottingham University Business School) and Sanjukta Choudhury Kaul (Monash University Business School) discuss the antecedents of humanistic management in India. With 25 family businesses accounting for the majority of the GDP, it is no surprise that this chapter refers to the role of family businesses. The authors' conceptual chapter identifies the Indian family business as an important antecedent of the humanistic management approach in India. It examines the role of the family business in both facilitating and impeding humanistic management in the Indian context and observes the variables of the joint family and the caste system. The doctrines of karma and religious philosophy as well as with nationalist movements allowed the development of affection, love, respect, kindness, as well as integrity, pride, and patriotism. In contrast, paternalism and kinship, along with corruption, give rise to mistrust, low levels of transparency, and accountability. As we deem it important to also provide empirical insights, we add a chapter on India, incorporating an illustrative case study. Radha Sharma and Shallini Taneja from the Management Development Institute first introduce Indian ethos and its link to humanistic management principles, before detailing their case on the Shreyans Paper Mills. As outlined, the authors conclude that a company can gain reputation and sustain business growth based on ethos and the principles of humanistic management.

From India, we move on to China and with the contribution from Alicia Hennig, this book critically reviews the ethical background of business in this increasingly important and dominating part of the world. The authors rightly point out from the very start that China is as heterogeneous as India. The chapter then outlines the Chinese culture, its peculiarities, and ways these factors impact Chinese management. Needless to say, Confucianism has to be discussed;

although, due to the focus, the chapter omits debates on the role of guanxi, the famous network approach to solving problems. Confucianism continues to matter even today. Since China is also famous for the government's strong influence, the chapter rightly points out that, in turn, business ethics should also be a topic on the government's radar.

Finally, we end our journey in Japan. Satoshi Mizobata from Kyoto University outlines a number of similarities with Western countries, although the local setup in the past was – once again – quite different. Numerous corporate scandals were critical incidents that triggered reforms. The typical Japanese management style and collectivist groupthink continued to matter for a very long time. Sustainability and miniaturization was nothing more than a necessity given the country's resource shortage and strong export orientation. The chapter also provides empirical data indicating the increasing awareness and importance of business ethics.

As editors, we hope that this introduction has whetted your appetite for the selected buffet of ideas. We have pointed to the diversity of international settings, but also to the need to advance our knowledge of them. Before and during the discussion of the individual chapters, we have underlined that the course of history has had a tremendous impact on current practices, and that dynamics have evolved over time. This diversity and evolution act as centrifugal forces when we attempt to understand humanism on a worldwide scale, although we focus on selected countries. The counterforce – the centripetal force – is the underlying quest to better understanding what human dignity means, and which elements of the concepts are more accentuated in a particular setting than others. Normative management ought to provide clear answers on what is right and wrong. Before focusing on what this convergence may mean, we thought it necessary to first understand the divergence and enjoy the global kaleidoscope of the different glass splinters of humanism in business. This is where the book aims to contribute and this is what the book does in the following chapters.

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