

Humanistic Management Center

Humanistic Management in Practice

Book Presentation

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The Book: Humanistic Management in Practice

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The approach and proof of concept, step 1: Unconditional respect towards human dignity

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The approach and proof of concept, step 2: Integration of ethical reflection in managerial decision making

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The approach and proof of concept, step 3: Dialogical extension of „monological“ reflection

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Concluding observations and outlook

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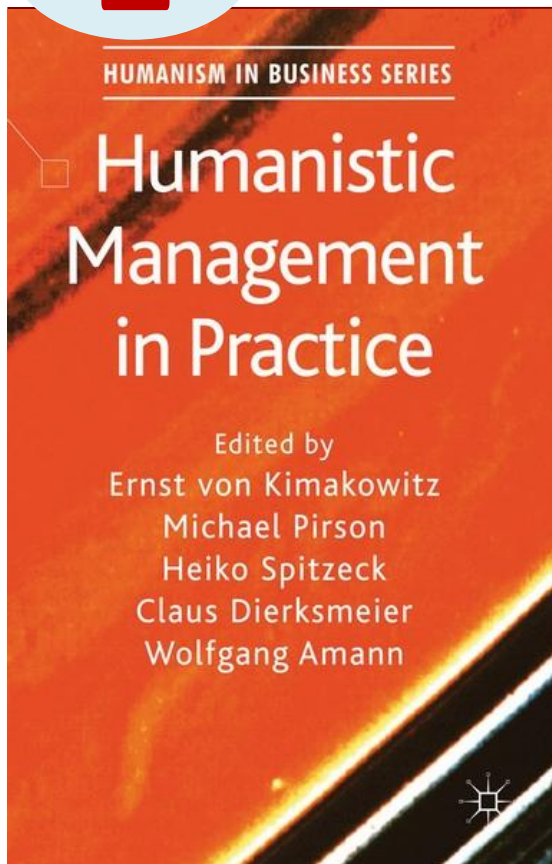
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Concluding observations and outlook

The new book by the Humanistic Management Network

1

21 chapters, 19 cases from across the globe



Introducing This Book and Humanistic Management;

ABN AMRO REAL;
AES Corporation;
Broad Air Conditioning;
bracNet;
Cascades Inc.;
DM;
Grameen Danone Foods;
Hongfei Metal Ltd;
Level Ground Trading Ltd;
Micromatic Grinding;

Mondragon;
Novo Nordisk;
SEKEM;
SEMCO;
Sonae Sierra;
Tata Group;
TerraCycle;
Wainwright Bank & Trust;
Zipcar Incorporated;

Concluding Remarks

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Concluding observations

The Makings of Humanistic Management

Three – stepped approach to humanistic management

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Uncon-
ditional
respect
towards
human
dignity



2

Integration
of ethical
reflection in
managerial
decision
making



3

Dialogical
extension
of „mono-
logical“
reflection

Three – stepped approach to humanistic management

2

Unconditional respect towards human dignity

Situation:

Management aims to achieve predefined ends efficiently (utilization of inputs) and effectively (generation of outputs)

This risks the objectification of people, it can lead to treating people as a means to achieve an end

Solution:

Paradigm shift away from the objectification of human beings within economic activities

Complication:

The conditio humana entails our shared vulnerability and shared need for protection of our dignity

To safeguard human dignity every person must be treated as an end in itself and never only as means

Three – stepped approach to humanistic management

2

Unconditional respect towards human dignity

“Everything has either a price or a dignity. Whatever has a price can be replaced by something else as its equivalent; on the other hand, whatever is above all price, and therefore admits of no equivalent, has a dignity. But that which constitutes the condition under which alone something can be an end in itself does not have mere relative worth, i.e., price, but an intrinsic worth, i.e., a dignity.” (Kant, 1785)

Three – stepped approach to humanistic management

2

Paradigm shift away from objectifying human beings

- People need to be instrumental in production processes
- Within humanistic management, though, people *autonomously assume their roles* as the result of a self-determined process
- Only then are they not *instrumentalized* in their human capacity; instead, they are themselves *assuming an instrumental role* within economic activities
- People will only want to *assume an instrumental role* for businesses which they consider *aligned to their personal values* and congruent with what they perceive to be *worthy of being instrumental* to
- Therefore, humanistic management embraces each and every person as an end in itself

Three – stepped approach to humanistic management

2

Paradigm shift away from objectifying human beings

Humanistic management embraces each and every person as an end in itself

A person will not autonomously choose to become a means to an end that is profoundly inconsistent with his or her values and aims.

Humanistic management lays the foundation that allows for the alignment of business goals and societal aims by respecting each person as an end.

Examples for the unconditional respect towards human dignity

2 Semco

- Diverse conglomerate with 12 business units and about 4000 employees. Gaining hidden synergies from a) complexity b) being a premium player and c) being in unique niches.
- Leap of faith to give up control and command structures in the firm led to a democratic, participative management style deeply embedded in the firm
- Giving all employees the room to seek personal challenges and satisfaction from their activities at the work place. There are no job descriptions, no organizational chart, no policy documents, no strategic plans, no HR department

Examples for the unconditional respect towards human dignity

2 dm Drogerie Markt

- dm Drogerie Markt is a drugstore chain with 30,000 employees and over 2000 retail outlets mainly in Germany, but increasingly expanding in Eastern Europe.
- Culture based on a strong belief that individuals *want* to contribute to something greater than themselves. Consequently at dm management holds that people will deliver better results when having the freedom to take decisions on the shop floor level.
- Retail outlets are uniform in their appearance but highly diverse in their organization and do not follow strictly standardized policies and procedures.

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3

Integration of ethical reflection

Situation:

The business of business is business

A shareholder value maximizing firm aims to maximize profits within the legal and regulatory framework

Solution:

Integration of ethical reflection into managerial decision making

Complication:

Real-life situations do not always have sufficient regulatory answers to safe-guard legitimate interests of society

Maximizing one single dimension does not allow for balancing interests

Three – stepped approach to humanistic management

3

Integration of ethical reflection

“On the face of it, shareholder value is the dumbest idea in the world, shareholder value is a result, not a strategy ... Your main constituencies are your employees, your customers and your products.” (Jack Welsh in an interview with the Financial Times, 2009)

Three – stepped approach to humanistic management

3

Integration of ethical reflection

- Claims of assuming corporate responsibility remain rhetoric without integrating ethical evaluation into business decisions
- Based on the unconditional respect towards the dignity of all persons one must accept that decisions that impact others must be examined in terms of their consequences for all those affected
- Such examination must be carried out by reflecting on the moral rights of those affected rather than reflecting only on their potential to forward or harm profit related business aims
- Therefore, humanistic management criticizes one-dimensional managerial objectives such as profit maximization as they leave no room for the balancing of interests of different stakeholders

Three – stepped approach to humanistic management

3

Integration of ethical reflection

Humanistic management demands the integration of ethical reflection into managerial decision making

Equally respecting all stakeholders is a necessary precondition of the unconditional respect for the dignity of all persons affected by a company's activities.

A business that maximizes profits is unable to integrate ethical considerations into all business decisions as the maximization of the interests of one stakeholder group, superseding all others, excludes equal respect for all stakeholders

Examples for the integration of ethical reflection

3 Broad air conditioning

- World's largest absorption chiller manufacturer and technology leader with about 1800 employees. The company was founded in 1988 and has been debt free since 1995
- Principled decision on gearing R&D efforts *only* towards environmentally friendly technologies
- Feeling a strong responsibility towards the wellbeing of employees
- First Chinese company to be listed as an environmental protection case in the UN's Global Compact Learning Forum

Examples for the integration of ethical reflection

3 Mondragon

- Spanish “association of cooperatives” led by a 650-member strong cooperative congress with over 50,000 members whose jobs are guaranteed for life
- The common good receives the highest priority in everything Mondragon does and is expressed through “solidarity” as one of Mondragon’s guiding principles
- Under the label of mature entrepreneurship Mondragon runs a venture capital fund with a near 100% success rate (20% is seen as respectable in traditional VC funds).

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Dialogical extension of „monological“ decision making

Situation:

Businesses have, by and large, accepted the need for engaging in stakeholder dialogue based on a business case rather than moral insight

Stakeholder dialogues often disappoint in enhancing public perception of the legitimacy of business conduct

Solution:

Dialogical
(discursive) extension of ethical reflection through normative stakeholder dialogue

Complication:

Business case driven stakeholder engagement is grounded in the instrumental variant of stakeholder theory

Instrumental stakeholder dialogue is not capable of creating legitimacy as it views stakeholders as a means to further profit related business aims

Three – stepped approach to humanistic management

4

Dialogical extension of „monological“ decision making

“...arguments that create legitimacy are normative in nature. They give reasons why a certain norm should be regarded as binding.” (Steffek, 2003)

Three – stepped approach to humanistic management

4

Dialogical extension of „monological“ decision making

- Instrumental views on stakeholder dialogue inevitably lead to situations where the interests of weaker stakeholders, those that cannot enforce their consideration, are disregarded and their vulnerability exploited.
- Normative dialogues create legitimacy as they allow for the argumentative power of claims to overrule the factual power of claimants
- Normative stakeholder dialogue requires principled openness towards accepting new stakeholders based on the validity of the stakeholder claim. Just as business activities change over time, so do stakeholders
- Therefore, the managerial task lies in the procedural dimension of initiating and maintaining a dialogue. Not the claimant but the dialogue ought to be managed

Three – stepped approach to humanistic management

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Dialogical extension of „monological“ decision making

Humanistic management leads to stakeholder dialogues where argumentative power overrules factual power

Integrating ethical reflection into managerial decision making (step 2) cannot safeguard managers from making „honest mistakes“ in their examination of how they are affecting the moral rights of others. Normative stakeholder dialogue builds a safety net for managers against making such „honest mistakes“ and allows them to share responsibility with, and gain legitimacy from their stakeholders

Examples for the dialogical extension of ethical reflection

4

Novo Nordisk

- Novo Nordisk is the worlds leading company for insulin production, based out of Denmark employing 27,000 staff in 81 countries
- The company's vision is to eradicate diabetes and therefore Novo Nordisk believes all their efforts should be geared towards their patients.
- The vision can only become meaningful when grounded in a set of guiding principles being *facilitation*, *sustainability reporting* and *balanced scorecard*

Examples for the dialogical extension of ethical reflection

4 The Tata Group

- The Tata Group is one of the worlds largest steel manufacturer and a leading industrial conglomerate that has seen a staggering growth over the last decades
- The founder of the Tata Group Jamsetji Tata believed strongly in humanist values and in a broader societal responsibility of business
- The Tata Group has made headlines recently for building the world's cheapest car , the Tata Nano, that despite its low price tag adheres to stringent EU safety and environmental regulations

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Concluding observations and outlook

Concluding observations

-
- There is no inherent conflict between profits and principles
 - Companies can be very competitive market actors not despite but because they put people first
 - True business leadership manifests itself not in growth rates or achieved profitability but in uniting corporate and societal interests to the benefit of both

The Humanism in Business Series



Humanistic Management Center