

Introduction

THE NEED FOR A NEW PARADIGM IN MANAGEMENT

As you can witness almost daily, we live in tumultuous times. We face an array of global crises, ranging from increasing inequality and poverty, to fundamentalist terrorism and war, to mass migration and environmental destruction, all of them amplified by climate change. These crises require a fundamental rethinking of how we organize at the global political level, the societal level, the economic level, and the organizational level. The economic system has become increasingly dominant, and the current roadblocks toward progress challenge the way we organize, think about, and do “business.”

Einstein famously stated: “We can’t solve problems by using the same kind of thinking we used when we created them.”¹ Nevertheless, mainstream business practitioners, as well as business school educators, seem to lack an alternative way of thinking. William Allen, the former chancellor of the Delaware Court of Chancery, notes that “[o]ne of the marks of a truly dominant intellectual paradigm is the difficulty people have in even imagining an alternative view.”²

The Humanistic Management Network has worked on conceptualizing this much-needed alternative paradigm for business – a humanistic paradigm, one based on the protection of dignity and the promotion of well-being rather than mere wealth. This book starts by describing the dominant narrative of the current worldview – an economic paradigm focused on wealth acquisition. The basic argument is that our understanding of “who we are as people” fundamentally influences the way we organize individually, in groups, in organizations, and in society.

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In the following pages, I present both narratives in business: the dominant model representing “homo economicus,” which accurately describes only about 1 percent of the population; and the alternative “homo sapiens” model, which represents the remaining 99 percent of us. While there is scientific evidence to support the latter perspective, the economics and management disciplines have memetically adopted an understanding based on inaccurate, axiomatic assumptions. This homo economicus worldview of human beings as uncaring and narrowly self-interested has influenced the way business structures are set up (limited liability, focus on profit maximization). The homo sapiens perspective allows us to understand the importance of care, the notion of human dignity, and the evolutionary reasons for humans only surviving when organizing for the common good. By adopting this perspective we can envision organizations as caring communities that converge to produce for the benefit of the common good.

In collaboration with the Humanistic Management Network and beyond, scholars have chronicled numerous organizations that follow the humanistic paradigm, which succeed because they focus on the protection of human dignity and the promotion of societal well-being. Some of these organizations are highlighted in Chapter 8. The fact that many such organizations are run successfully, and often more profitably over time, proves that there are alternatives to the current economic understanding of how best to organize human endeavors.

Humanistic management scholars focus on human dignity, described by Kant as that which escapes all price mechanism and which is valued intrinsically (freedom, love, care, responsibility, character, ethics). This, they argue, has superior theoretical accuracy to the current paradigm. In addition, if the end goal of organizing were expanded to include well-being or common good, scholars can demonstrate how business might play an active role in solving current global problems.

In the first part of the book, the basic conceptual foundations of humanistic management are presented.³ In the second part of the

book, the applications of the humanistic management perspective are outlined for research, practice, pedagogy, and policy. In the first chapters, the notion of humanistic management as an organizing principle for the protection of human dignity and the promotion of human flourishing within the carrying capacity of the planet are introduced. This notion is becoming increasingly relevant given the multitude of problems humanity faces. In addition, the dysfunctionality of the existing, dominant paradigm is demonstrated by showing that it violates human dignity and undermines human flourishing, while constantly disregarding the planetary boundaries. A humanistic perspective of human nature is presented, outlining the consequences of this perspective for groups, organizations, and society. The basic pillars of the humanistic management paradigm present a framework for differing organizing archetypes. The book suggests that these archetypes can help guide a transition toward more humanistic management practice, pedagogy, and management-related public policy. It examines the research implications and specific applications by means of selected examples. Moreover, the book suggests that a humanistic paradigm is critical for academic thought leaders, business leaders, civic leaders, political leaders, as well as anybody concerned with the future of humanity.

Chapter 1 outlines the basic concept of humanistic management and contrasts it with the mainstream view of business. Chapter 2 examines the differing assumptions about and insights into human nature. Chapter 3 presents a humanistic understanding of human nature, which can serve as a cornerstone of management research, practice, pedagogy, and policy. Chapter 4 presents the consequences of such a humanistic perspective on organizing, providing examples, among others, for business strategy, governance, leadership, and motivation. In Chapter 5, the basic pillars of humanistic management, human dignity, and human well-being are outlined in greater depth. Based on these pillars, Chapter 6 suggests different archetypes for thinking about management, which inform research, teaching, practice, and policy making.⁴ Chapter 7 explores how these

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archetypes can support a transition toward more humanistic management *research*.⁵ Conversely, Chapter 8 investigates how these archetypes can support a transition toward more humanistic management *practice*. Thereafter, Chapter 9 explores how these archetypes can support a transition toward more humanistic management *pedagogy*, and Chapter 10 how they can support a transition toward more humanistic management *policy*. The concluding chapter presents a summary and outlines pathways toward a collaborative approach to a more human-centered economy.

The book is meant to be a stepping-stone to facilitate further, rich conversation and collaboration.

NOTES

- 1 Albert Einstein. BrainyQuote.com, Xplore Inc, 2016. www.brainyquote.com/quotes/quotes/a/alberteins121993.html, accessed June 27, 2016.
- 2 Allen, W. T. (1993). "Contracts and communities in corporation law." *Washington & Lee Law Review*, 50, 1395–1407. (Cited from Page 1401).
- 3 Readers interested in a more thorough philosophical treatment of the humanistic management paradigm should check out Claus Dierksmeier's book: *Reframing Economic Ethics- Philosophical Foundations of Humanistic Management*. www.springer.com/us/book/9783319322995
- 4 Some readers may want to skim or skip Chapter 6, as it may be too conceptual for them. The following chapters build on the framework presented in Chapter 6 yet present mostly case studies that can be understood without the conceptual framework.
- 5 Friendly reviewers also suggested that those readers who are not members of the Academy of Management might do better skimming the research chapter, as it might distract from the more digestible chapters that follow.