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978-0-521-89893-5 - Humanism in Business

Edited by Heiko Spitzbeck, Michael Pirson, Wolfgang Amann, Shiban Khan and Ernst von Kimakowitz

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## Praise for *Humanism in Business*

Values make a difference. For the most part, having a ‘purpose beyond profit’ has proven one of the best ways for a company to be profitable and socially valuable. Some of the earliest socially responsible businesses achieved this purpose beyond profit from the religious convictions of their founders. In this more secular age, there are many who will be interested in how such values translate into the pragmatic, success-oriented business environment of today. Those seeking a rigorously academic study from an avowedly humanistic perspective will find a wealth of food for thought in *Humanism in Business*.

**Mallen Baker**, *CEO Business Respect and Development*  
*Director for Business in the Community in the UK*

This book is a most crucial and insightful collection showing persuasively how humanism can be practiced creatively at the core centre of economic development policy agenda, not being a rhetorical flourish but the fundamental basis of economic prosperity and sustainability. Many contributors to this collection illuminate the role of business within society and its potential as a life-serving organ for positive social change. It offers an intriguing blueprint for how the world would be better with a more life-conducive economic system. A must-read for world policy leaders of the future.

**Kriengsak Chareonwongsak**, *Member of Parliament, Thailand*

This book stresses the theme of humanism in business in terms of seeking the goal of sustainability, not only in terms of the earth’s resources, but also in terms of relationships to all the contributors to the creation of wealth. Call it sustainability plus.

**Paul Lawrence**, *Professor Emeritus, Harvard Business School*

The notion that “humanism in business” is an oxymoron is nonsensical, discredited by both history and logic. Ultimately, business – the centralization and utilization of physical, financial resources, human energy and intellect within organizations great and small – has the societal function of providing the goods and services essential for

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human survival and well-being. How this function is fulfilled has varied greatly over time and place. An important factor in determining the “how” are the values which underlie the society and are manifested in the operations of its business institutions and those who lead them. The editors and authors of this creative volume demonstrate convincingly that business activity in the twenty-first century is not, and cannot, be governed by mechanistic markets operating autonomously of broader societal values and expectation. It is our humanistic traditions developed over millennia from philosophical, religious and cultural sources that in the final analysis define the appropriate role of business in society. Congratulations to the editors of this volume for underscoring this point so convincingly.

**Edwin M. Epstein**, *Professor Emeritus, International and Area Studies and Haas School of Business, University of California, Berkeley*

In the last few decades business has become increasingly aware that shareholder value cannot be the only indicator for success. Sustainable development and corporate social responsibility (CSR) concepts attempt to address negative trade-offs. But at the heart of the matter stands a humanistic attitude, an ethical stance towards all we do, be that in business or as private individuals.

**Claude Martin**, *former Director General, WWF International*


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## *Humanism in Business*

What is the purpose of our economic system? What would a more life-serving economy look like?

There are many books about business and society, yet very few of them question the primacy of GDP growth, profit maximization, and individual utility maximization. Even developments with a humanistic touch like stakeholder participation, corporate social responsibility, or corporate philanthropy serve the same goal: to foster long-term growth and profitability. *Humanism in Business* questions these assumptions and investigates the possibility of creating a human-centered, value-oriented society based on humanistic principles. An international team of academics and practitioners present philosophical, spiritual, economic, psychological, and organizational arguments that show how humanism can be used to understand, and possibly transform, business at three different levels: the systems level, the organizational level, and the individual level. This groundbreaking book will be of interest to academics, practitioners, and policymakers concerned with business ethics and the relationship between business and society.

HEIKO SPITZECK is a lecturer at the Doughty Centre for Corporate Responsibility, School of Management, Cranfield University.

MICHAEL PIRSON is a lecturer at Harvard Extension School and a research fellow at the Hauser Center for Nonprofit Organizations, Harvard University.

WOLFGANG AMANN is Executive Director of the MBA program at the University of St. Gallen, Switzerland.

SHIBAN KHAN is Senior Researcher at IMD, Lausanne, Switzerland.

ERNST VON KIMAKOWITZ is studying for a PhD at the Institute for Business Ethics of the University of St. Gallen, Switzerland.

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## *Editors and contributors*

### **Editors**

#### *Wolfgang Amann*

Wolfgang Amann is a member of the faculty of the University of St. Gallen and Executive Director of the MBA-HSG. He co-founded Humanistic Management Network in 2005. He previously taught at Henley Management College in Henley-on-Thames, UK and IMD (International Institute for Management development) in Lausanne, Switzerland. He has also held visiting academic positions at the Wharton School of the University of Pennsylvania, the Indian Institute of Management (IIM) in Bangalore, and Hosei University in Tokyo. He has directed, delivered, and contributed to open and in-company programs, as well as courses on strategy, internationalization, governance, and sustainability in the US, Europe, China, India, and Japan. He has (co-) authored more than seventy case studies for these programs, with his case series on Hindustan Lever in India winning the 2006 oikos Sustainability Case competition. He received two teaching awards (in 2006 and 2007), when his course “Corporate Strategy and Governance” was chosen as the CEMS course of the year of all CEMS business schools in seventeen European countries. Wolfgang Amann’s primary expertise relates to successful internationalization and sustainability strategies. His special emphasis within humanistic research lies in broadening strategic and organizational goal systems, as well as creating innovative but feasible win-win-win situations for employees, organizations, and society.

#### *Shiban Khan*

Shiban Khan leads the research initiative on Access to Medicines in India at IMD, Switzerland, and is a co-founder of Humanistic Management

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Network. She is also a visiting tutor at Henley Management College, UK. She has served as the executive director of oikos International, a student-driven organization that focuses on integrating sustainability into management education. Shiban has worked on sustainability and development issues in Europe, North America, and South Asia. Her research interests lie in a contextual focus on sustainability, social trusteeship theory, purpose-driven environmental communication, and comparisons between the Eastern and Western ethos in humanistic business principles. With a Master's in Environmental Studies from the University of Pennsylvania, she is currently completing her PhD at the University of St. Gallen on the connotation of corporate sustainability in the Indian context.

*Michael Pirson*

Michael Pirson is a co-founder of Humanistic Management Network. He received his PhD in Organizational Behavior from the University of St. Gallen, Switzerland. He is currently a lecturer at Harvard Extension School and a research fellow at Harvard University, researching organizational trust and well-being. In his teaching, he focuses on management dilemmas in the twenty-first century and social entrepreneurship as a model for humanistic management. Before receiving his doctorate, Michael worked in international management consulting. He also gained experience in the political arena while working on Hillary Clinton's Senate campaign, and has started several social enterprises in the area of economic development. He currently serves on the board of three NGOs based in the USA.

*Heiko Spitzreck*

Heiko Spitzreck is a lecturer at the Doughty Centre for Corporate Responsibility at Cranfield University School of Management. He has been a visiting scholar at the University of California at Berkeley and a researcher at the Institute for Business Ethics at the University of St. Gallen, Switzerland. He co-founded Humanistic Management Network in 2005 and leads current research projects related to humanism and business. Between 2004 and 2006, he served as a director of oikos International. His research looks at organizational behavior, especially learning and innovation from business and society

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interactions. Before starting his academic career, Heiko worked for the international consulting firm Accenture in Munich. He studied European business studies at the Universities of Bamberg, Germany and Seville, Spain.

### *Ernst von Kimakowitz*

Ernst von Kimakowitz is currently pursuing his PhD at the Institute for Business Ethics of the University of St. Gallen in Switzerland. The title of his thesis is “The Interaction between Transnational Corporations and Small and Medium-sized Enterprises in Developing Economies.” He also works as an independent consultant on projects related to corporate social responsibility and economic development. His mandates include consulting engagements for the United Nations Conference on Trade and Development (UNCTAD), as well as for various private sector clients. For five years he was with an international management consulting firm in London, England, working in various industries. He holds an MSc (Econ.) from the London School of Economics and Political Science (LSE). His undergraduate studies were in political science and business administration at the Johannes Gutenberg University of Mainz, Germany and the Universidad de los Andes in Mérida, Venezuela. He is a German citizen with a lively interest in international issues.

## Contributors

### *Omar Aktouf*

Omar Aktouf is Professor of Management at L'École des hautes études commerciales de Montréal (HEC Montréal) and a founding member of Humanism and Management at HEC. Before joining HEC, Dr. Aktouf was a senior manager in several firms, including a major petroleum company. His academic background includes psychology, management, and development economics. He has researched a number of complementary areas including organizational culture, project management, symbolism and speech within organizations, as well as epistemology, methodology, and pedagogy of administration “sciences.” He is the author of numerous books and articles on these subjects, which have been translated into several languages, including

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French, Spanish, Portuguese, German and English. He is an active international lecturer, speaker, and consultant, having provided consulting services to numerous large and small companies. He is the recipient of several awards and prizes, including “Best French Canada Business Book Award” for 2003 (*La Stratégie de l’Atruche*).

*Joseph L. Badaracco*

Joseph L. Badaracco, Jr., is the John Shad Professor of Business Ethics at Harvard Business School. He is also Senior Associate Dean and Chair of the MBA Program. Badaracco has taught courses on business ethics, strategy, and management in the School’s MBA and executive programs. Badaracco is a graduate of St. Louis University, Oxford University, where he was a Rhodes Scholar, and Harvard Business School, where he earned an MBA and a DBA. Badaracco serves on the Faculty Committee of the Harvard Center for Ethics and the Professions, and he is also the faculty chair of the Nomura School of Advanced Management in Tokyo. In recent years, Professor Badaracco was chairman of the Harvard University Advisory Committee on Shareholder Responsibility and served on the boards of two public companies. He has taught in executive programs in the United States, Japan, and many other countries, and has spoken to a wide variety of organizations on issues of leadership, values, and ethics.

*Matt Cherry*

Matt Cherry is Executive Director of the Institute for Humanist Studies and has spent more than fifteen years as a professional leader in the humanist movement in three countries. In May 2004, and again in 2006, Cherry was elected president of the United Nations NGO Committee on Freedom of Religion or Belief. He also is an NGO delegate to the UN, representing the International Humanist and Ethical Union (IHEU). Before joining the Institute for Humanist Studies in 2000, Cherry served as Executive Director of the Council for Secular Humanism, publisher of *Free Inquiry*, the most widely circulated humanist magazine in the US. During his five years at the Council, Cherry was Acting Executive Director of the International Humanist and Ethical Union, Executive Editor of *Free Inquiry* magazine, and editor of *Secular Humanist Bulletin*. Cherry has also

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worked in the Netherlands as Secretary for Development and Public Relations for the International Humanist and Ethical Union (IHEU) and in the UK for the British Humanist Association (BHA).

### *Claus Dierksmeier*

Claus Dierksmeier is Associate Professor of Philosophy at Stonehill College, Easton, Massachusetts. He was previously Assistant Professor in Practical Philosophy at the University of Jena in Germany (1998–2002) and a visiting professor and research fellow in Spain, Uruguay, and Argentina (2001–2). He received his PhD in 1997 with a dissertation on Immanuel Kant's religious philosophy. He earned his professoral degree (*Habilitation*) in 2002 for a study of the German philosopher Karl Christian Friedrich Krause and his influence in Latin American political thought. Claus Dierksmeier has published widely in German, English, and Spanish. His current research is into the various philosophical notions of freedom and their relevance for a just society. He also works on economic philosophy and business ethics.

### *Bill Drayton*

Bill Drayton is the CEO and founder of Ashoka, Innovators for the Public. He has been a social entrepreneur since he was a New York City elementary school student and was a McKinsey and Company consultant for almost ten years, gaining wide experience serving both public and private clients. For four years he was Assistant Administrator at the US Environmental Protection Agency. He also served briefly in the White House, and taught both law and management at Stanford Law School and Harvard's Kennedy School of Government. Bill has received many awards for his achievements. He was elected one of the early MacArthur Fellows for his work, including the founding of Ashoka. Yale School of Management gave him its annual Award for Entrepreneurial Excellence. In 2005 he was selected one of America's Best Leaders by *US News & World Report* and Harvard's Center for Public Leadership. In the same month he was the recipient of the Yale Law School's highest alumni honor, the Yale Law School Award of Merit, for his substantial contribution to public service.

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*Greg Epstein*

Greg M. Epstein serves as the Humanist Chaplain of Harvard University. He also sits on the executive committee of the thirty-eight-member corps of Harvard Chaplains. In 2005 Greg received ordination as a Humanist Rabbi from the International Institute for Secular Humanistic Judaism, following five years' study in Jerusalem and Michigan. He holds a BA (Religion and Chinese) and an MA (Judaic Studies) from the University of Michigan, Ann Arbor, and a Master's of Theological Studies from the Harvard Divinity School. He is an advisor to two student groups at Harvard College, the Secular Society and the Interfaith Council, and to the Harvard Humanist Graduate Community.

*Dieter Frey*

Dieter Frey is Dean of the Faculty of Psychology and Educational Science as well as Professor of Social Psychology at Ludwig Maximilian University in Munich (Germany). In addition, he is Academic Director of the Bavarian Academy for Elite Training and a member of the Bavarian Academy of Sciences. Before coming to Munich he was Professor of Social and Economic Psychology in Kiel and from 1988 to 1989 he was Theodor Heuss Professor at the Graduate Faculty of the New School for Social Research, New York. In 1998, Dieter Frey was elected German Psychologist of the Year. His extensive research interests include basic social psychology (e.g. decision processes, information seeking, group processes) as well as organizational psychology (e.g. leadership and innovation) and behavioral finance.

*Adrian Henriques*

Adrian is an advisor on corporate responsibility, social accountability, and sustainability. He has produced research on social sustainability and taught accountability and social auditing at Warwick University Business School. Adrian has been a Council Member of the Institute of Social and Ethical Accountability and was for five years a member of the Global Reporting Initiative Steering Committee. He is also a member of the Association of Chartered Certified Accountants' Social and Environmental Committee. Adrian is currently Visiting Professor of Accountability and CSR at Middlesex University Business School.



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Formerly Head of Accountability at the New Economics Foundation, he has also worked for the International Society for Ecology and Culture, an NGO campaigning on economic globalization. For a number of years Adrian was a management consultant for PricewaterhouseCoopers in financial services. His publications include *Corporate Truth: The limits to transparency*, and *The Triple Bottom Line – Does it all add up?*

### *W. David Holford*

W. David Holford is a professional engineer, as well as a PhD student in management at L'École des hautes études commerciales de Montréal (HEC Montréal) under the supervision of Dr. Omar Aktouf. He is also Assistant Professor of Management at the University of Quebec at Montreal (UQAM). His field of interest is the humanistic dimension of management and its ramifications for both risk/crisis creation and knowledge management. He has co-authored several articles with Dr. Omar Aktouf, and recently won major scholarships and prizes for academic excellence (2004–7). Prior to embarking in his studies, Mr. Holford worked for nineteen years in the aerospace industry (Pratt and Whitney, Canada), the last nine in senior engineering management.

### *Aileen M. Ionescu-Somers*

Aileen Ionescu-Somers is the program manager of IMD's research project on Corporate Sustainability Management (CSM). Previously she was head of the International Projects Unit at the World Wide Fund for Nature (WWF International), and held program management roles within the Africa and Latin America regional programs. She holds a BA, MA, HDipEd, and MSc in Environmental Management and a PhD in the area of corporate social responsibility in the food and beverage sector from the National University of Ireland (UCC). She is currently completing her book *Business Logic for Sustainability: An Analysis of the Food and Beverage Industry*.

### *Stephan Kaiser*

Stephan Kaiser is an assistant professor at the Ingolstadt School of Management, Catholic University of Eichstätt-Ingolstadt. In 2001, he

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earned his PhD at the same university. Earlier, he studied business administration at the Universities of Regensburg and Wales (EMBS Swansea). His current research focuses on positive organizational studies, human resources, professional services firms, as well as knowledge, technology, and organizations.

*Jean-Pierre Lehmann*

Jean-Pierre Lehmann is a professor at IMD. His areas of special interest include globalization, global governance, trade and development, the role of business in the reduction of poverty and inequality, and the socio-economic, cultural, and business dynamics of Asia. He acts in various leading capacities in a number of public policy institutes and organizations, as an advisor to governments and corporations, and as a frequent commentator in the international media. He is the author of several books and numerous articles and papers primarily dealing with globalization, modern East Asian history, and East Asia and the international political economy. In 1995 he launched the Evian Group, an international coalition of corporate, government, and opinion leaders, united by a common vision of enhancing global prosperity for the benefit of all by fostering an open, inclusive, and equitable global market economy in a rules-based multilateral framework. A leading voice on global trade and investment issues that acts as a forum for dialogue and a birthplace of ideas, the Evian Group also engages actively in advocacy to counter the forces of protectionism and chauvinism.

*Klaus Leisinger*

Klaus M. Leisinger is President and CEO of the Novartis Foundation for Sustainable Development and Professor for Development Sociology at the University of Basel. He pursues academic and practical field work on a wide range of development-related topics, among them foreign aid and international development, good governance, health policy in the least developed countries, business ethics, and corporate responsibility. Klaus Leisinger serves as invited lecturer or visiting professor at several universities worldwide and was awarded an honorary doctorate in theology by the University of Fribourg. He has held advisory positions in a number of national and international organizations, such as the United Nations Global Compact,

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the United Nations Development Programme (UNDP), the World Bank (CGIAR), the Asian Development Bank, and the Economic Commission for Latin America (ECLA). From September 2005 to December 2006, Klaus Leisinger served as special advisor to the United Nations Secretary-General for the UN Global Compact.

### *Thomas Maak*

Thomas Maak is Senior Researcher at the Institute for Business Ethics and Reader in Corporate Responsibility at the University of St. Gallen in Switzerland. As visiting faculty he also co-directs a research stream within the PwC-INSEAD initiative on high-performing organizations at INSEAD, France. He has held visiting positions at the School for International and Public Affairs at Columbia University, New York and at Georgetown University's McDonough School of Business in Washington, DC. His research and teaching focus on business ethics, corporate citizenship, integrity management, and responsible leadership. Thomas is a member of the Executive Committee of the European Business Ethics Network (EBEN). As consultant and advisor he has worked with leading corporations such as Shell, PricewaterhouseCoopers, Volkswagen, and DONG Energy. Among his many publications is *Responsible Leadership* (with Nicola Pless, 2006). He has also served as guest editor for the *Journal of Business Ethics*.

### *Domènec Melé*

Domènec Melé is Professor of Business Ethics and holds the Chair of Economic and Ethics at IESE Business School, University of Navarra, Spain. He earned his doctorate in industrial engineering from the Polytechnic University of Catalonia and his PhD in theology from the University of Navarra. Before joining IESE in 1986 he was Professor of Chemical Technology at the Polytechnic University of Valencia. Over the last twenty years, he has written extensively and carried out research in the areas of business ethics and Christian social thought. His areas of specialization include economic and business ethics, international management ethics, corporate social responsibility, Christian ethics and spirituality in management, ethics in organizational cultures, and philosophy of management. Domènec Melé also chairs the bi-annual International Symposium on Ethics, Business and

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Society led by IESE since 1991 and is the co-founder of IESE's Center for Business in Society. Currently, he serves as section editor of the *Journal of Business Ethics*.

### *Oliver Rapf*

Oliver Rapf is head of Business & Industry Engagement, Climate Change Programme, WWF International. Based in Brussels, Oliver is the leader of the Business & Industry (B&I) strand of WWF's global climate change program. He collaborates with a multitude of companies and sectors on corporate carbon management, and works with a global team to develop new cutting-edge partnerships to mitigate climate change. Oliver Rapf is a registered advisor on sustainable business practices to the European Commission, focussing on B&I performance in sustainable energy and climate change. Since 1997 he has overseen WWF projects on sustainable energy and efficient housing, as well as climate change mitigation strategies and impacts. He has headed the German NGO delegation to several UN climate conferences. Before joining WWF he worked for an environmental think tank and a spatial planning institute. Oliver studied at universities in Heidelberg, Bonn, and Vancouver and has a Master's in Geography, Political Science, and Economics.

### *Gordon Müller-Seitz*

Gordon Müller-Seitz works at the Technical University of Berlin, Department of Sociology of Organization for the Research Project "Path Creating Networks: Inventing Next Generation Lithography in Germany and the US." He received his PhD at the Department of Organisational Studies and Human Resources, Catholic University of Eichstaett-Ingolstadt, Germany. His research interests lie in positive emotions, networks, innovative technologies, knowledge management, and professional services firms. He has published his ideas among others in *Organization* and *Industry & Innovation*.

### *Julian Nida-Rümelin*

Julian Nida-Rümelin is Professor of Political Theory and Philosophy at the Ludwig Maximilian University in Munich, Germany. He

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currently also holds the position of visiting professor at the University of St. Gallen, Switzerland. Between 2001 and 2002 he was state minister for culture and media and member of the German federal government. Prior to that he was Professor of Philosophy at the University of Göttingen. He studied philosophy, physics, mathematics, and political science in Munich and Tübingen. Julian Nida-Rümelin has received various honors, among them an honorary professorship at Humboldt University in Berlin and the award “To the Patron of the German Book” of the Börsenverein des Deutschen Buchhandels.

*Lynn Sharp Paine*

Lynn Sharp Paine is John G. McLean Professor of Business Administration at Harvard Business School, where she is a member and former chair of the general management unit. Ms. Paine’s research focuses on the leadership and governance of companies that meld high ethical standards with outstanding financial results. A member of Phi Beta Kappa and a *summa cum laude* graduate of Smith College, Ms. Paine holds a doctorate in moral philosophy from Oxford University and a law degree from the Harvard Law School. A faculty associate of the Harvard University Edmond J. Safra Foundation Center for Ethics, Ms. Paine also serves on the Advisory Board of Leadership Forum International (LFI) and the academic council of the Hills Program on Governance at the Center for Strategic and International Studies. She was a member of the Conference Board’s Blue-Ribbon Commission on Public Trust and Private Enterprise formed after the corporate scandals of 2002. Before joining the Harvard faculty, Ms. Paine served on the faculties of Georgetown University’s Business School, the University of Virginia’s Darden School of Business, and at the National Cheng Chi University in Taiwan, where she was a Luce Scholar in 1976–7.

*Miguel Pereira Lopes*

Miguel Pereira Lopes is an invited assistant professor at Faculdade de Economia, Universidade Nova de Lisboa, in Lisbon, Portugal. He received his PhD in Organizational Psychology from Universidade Nova de Lisboa. In the past, he has worked as a senior manager at

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major national and multinational companies. His current research focuses on the emergence of positive behavior in organizational settings, social networks, and positive leadership.

*Claudia Peus*

Claudia Peus is Assistant Professor of Social and Organizational Psychology at Ludwig Maximilian University in Munich, Germany. From 2005–7 she was a visiting scholar at the Sloan School of Management, Massachusetts Institute of Technology and a post-doctoral fellow in the department of psychology at Harvard University (2006–7). Her research interests focus on the impact of leadership on employees' attitudes and behaviors, leadership development, women in management, and cross-cultural psychology. In addition to her academic work, Claudia Peus has been involved in executive education and organizational development programs for numerous multinational companies including Allianz Global Investors, E.ON, and Goodyear.

*Miguel Pina e Cunha*

Miguel Pina e Cunha is an associate professor at the Faculdade de Economia, Universidade Nova de Lisboa, in Lisbon, Portugal. He received his PhD from Tilburg University (the Netherlands). His current research focuses on organizational improvisation, emergent change, organizational bricolage, and positive organizing.

*Nicola M. Pless*

Nicola Pless is Research Director and Reader in Responsible Leadership at the University of St. Gallen in Switzerland. She is also a visiting senior research fellow in INSEAD (France), where she co-directs the PwC-INSEAD research stream on “Developing Responsible Leadership.” She holds a Master’s degree in business administration from the University of Bayreuth, a PhD in organizational theory from the University of St. Gallen, and a diploma in clinical organizational psychology from INSEAD. Prior to joining above-mentioned faculties she worked as a vice president in the financial services industry and served at the World Bank Group in Washington,

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DC. Her research, writing, and teaching focus on corporate social responsibility, responsible leadership, and leadership development. She has delivered training and consulting services for the International Finance Corporation, Deutsche Telekom, Volkswagen, PricewaterhouseCoopers, and DONG Energy. She has published three books and several articles in practitioners' and academic journals. Her latest book, *Responsible Leadership* (with Thomas Maak), was published in 2006.

### *Oliver Salzmann*

Oliver Salzmann is a research associate at IMD, Lausanne. He works for the research project on Corporate Sustainability Management (CSM) in IMD. He holds a Master's in industrial management from Dresden University of Technology and a PhD in corporate sustainability management in the energy sector from Berlin University of Technology. Since joining IMD in 2001, he has conducted empirical research in several areas, including private households and sustainable consumption, the business case for corporate sustainability, and stakeholders' perceptions and activities with respect to corporate social and environmental responsibility.

### *Amartya Sen*

Amartya Sen is Lamont University Professor and Professor of Economics and Philosophy at Harvard University and was until recently the Master of Trinity College, Cambridge. He has served as President of the Econometric Society, the Indian Economic Association, the American Economic Association, and the International Economic Association. He was also Lamont University Professor at Harvard earlier, from 1988–98, and before that was Drummond Professor of Political Economy at Oxford University and a fellow of All Souls College (where he is now Distinguished Fellow). Prior to that he was Professor of Economics at Delhi University and at the London School of Economics. His research has ranged over a number of fields in economics, philosophy, and decision theory, including social choice theory, welfare economics, theory of measurement, development economics, public health, gender studies, moral and political philosophy, and the economics of peace and war. Among the many awards he has received is the Nobel Prize in Economics 1998.

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*Ulrich Steger*

Ulrich Steger holds the Alcan Chair of Environmental Management at IMD and is Director of IMD's Forum on Corporate Sustainability Management. He is Director of the DaimlerChrysler Partnership Programs and Allianz Excellence Program and Co-Director of Building High Performance Boards. He also holds an Honorary Professorship in International Management at Berlin Technical University. He was minister of economics and technology in the state of Hesse and a member of the managing board of Volkswagen, in charge of environment and traffic matters and the implementation of an environmental strategy within the VW group worldwide. He has published extensively, most recently *Inside the Mind of the Stakeholder: The Hype behind Stakeholder Pressure* (2006).

*Peter Ulrich*

Peter Ulrich, born 1948 in Berne, Switzerland, is Full Professor of Economic and Business Ethics and Director of the Institute for Business Ethics at the University of St. Gallen, Switzerland. After his studies in business administration, economics and social sciences at the University of Fribourg (1967–71) and his doctorate at the University of Basle (1972–6), he spent four years as a management consultant in Zurich. A scholarship from the Swiss National Science Foundation enabled him to complete his habilitation thesis ("Economic Sciences and Their Philosophical Foundations," 1986) at the University of Witten-Herdecke, Germany for a *venia legendi*. In 1984, he was appointed as Full Professor in Business Administration at the University of Wuppertal, Germany. In 1987, he was appointed to the first chair for Business Ethics at a German-speaking faculty in St. Gallen. In the twenty years since then, his approach of integrative economic ethics has become widely accepted in the German and European debate.

*Allen L. White*

Allen L. White is Vice President and Senior Fellow, Tellus Institute, Boston, and directs the institute's corporate design program. Dr. White co-founded the Global Reporting Initiative in 1997 and served



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as Chief Executive through 2002. In 2004, he co-founded Corporation 2020, an initiative focused on designing future corporations to sustain social purpose. He advises multilaterals, foundations, corporations, and NGOs on corporate responsibility and sustainability strategy, policy, and practice. He has held faculty and research positions at the University of Connecticut, Clark University, Tufts University, and Battelle Laboratories, and is a former Fulbright Scholar in Peru and Peace Corps worker in Nicaragua. Dr. White has served on advisory boards and committees of a multitude of non-profit organizations in the US and abroad. He is Chair of GAN-Net, a non-profit organization dedicated to building capacity and building the movement of global, multistakeholder civil society organizations. He is a member of the Steering Committee of the Institute for Responsible Investment, Boston College Center for Corporate Citizenship, and, since 2004, has served as Senior Advisor to Business for Social Responsibility.

*Stephen B. Young*

Stephen B. Young, Global Executive Director of the Caux Round Table, is a lawyer and writer. He has served as Dean of the Hamline University School of Law and as an assistant dean at the Harvard Law School. He has taught law and Vietnamese history and served on the boards of numerous non-profit organizations. While Dean of the Hamline University School of Law he initiated the *Journal of Law and Religion*. Young studied anthropology and government at Harvard College and took his law degree at Harvard Law School. In 2004 Berrett-Koehler of San Francisco published Young's book *Moral Capitalism*. It has been translated into Japanese, Spanish, Polish, and Croatian. Young has contributed chapters to a number of recent books on ethics and corporate social responsibility and blogs regularly for the *Twin Cities Daily Planet*. As an attorney, Young has both served corporate clients and litigated in state and federal courts. In 1966 Young discovered the Bronze Age site of Ban Chiang in north-east Thailand, now a UNESCO world heritage site. In 1975 Young initiated efforts to open the United States to refugees from South Vietnam and later served on the Citizens' Commission for Indochinese Refugees. He later suggested the framework of a United Nations trusteeship interim administration for Cambodia as a means to end the civil war in that country.

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*Muhammad Yunus*

Muhammad Yunus earned the nickname “banker to the poor” by giving small cash loans to the poorest people in Bangladesh. Yunus completed his PhD in economics at Vanderbilt University in 1969. He taught at Middle Tennessee State University before returning to Bangladesh in 1972 to teach at Chittagong University. His first loan was given to a group of very poor village women in 1974, an amount equivalent of \$27. Yunus founded the Grameen Bank two years later to institutionalize this small-scale loan giving, usually to people who had no collateral and would have been turned away by the traditional banks. This notion of “microcredit” has now become a worldwide phenomenon, giving millions the opportunity to pull themselves out of abject poverty. Yunus and Grameen were jointly given the Nobel Prize for Peace in 2006. By that time the bank had helped more than six million borrowers, the vast majority of them women. In awarding the prize, the Nobel Committee stated: “Lasting peace cannot be achieved unless large population groups find ways in which to break out of poverty. Microcredit is one such means.”

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## *Humanistic Management Network: paving the way towards a life-serving economy*

In the Aristotelian concept of the economic system, the economy served political goals. As far as these political goals were democratically legitimized, the economy directly served the people. The humanist credo of “man as the measure of all things” (*Protagoras*) led us to a free, liberal, and democratic world. However, the current global economic system more often than not treats humans as instruments for profits or GDP growth, ignoring the democratic rights and liberties they enjoy within their nation-states. The effects are injustice, environmental degradation, and unhappiness – even for those who currently profit from the existing system. To counter these inhumane effects, Humanistic Management Network creates and disseminates *actionable knowledge* that puts humans first and supports the creation of a life-serving economic system.

Humanistic Management Network’s *vision* is to encourage businesses to embrace a more ‘life-serving’ approach by integrating humanistic values into their core strategy. Our *mission* is to influence business academia, management, and the general public in defining the purpose and role of business in a global society. We foster the creation and dissemination of actionable knowledge to change business practices towards humanistic ideals.

In a first step, Humanistic Management Network is focusing on the creation of a research platform based on humanistic principles. We are establishing a common research agenda for researchers of various disciplines and fields to address the need for a life-serving economy and to build our network of likeminded think-tanks and research groups around the world. In a second step, we will create products and services based on humanistic principles and offer them to organizations in consultations. In a third step, we will use the insights gained from research and practice to influence public discourse and policy decisions towards a human-centered economy. These three steps will be the basis of a continuous feedback loop, which will

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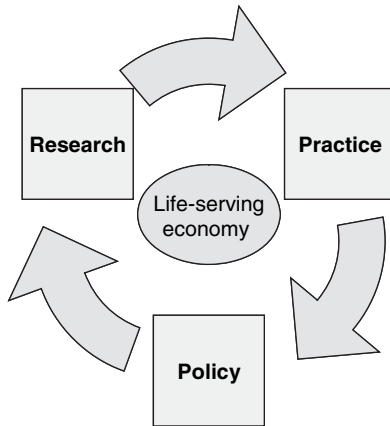
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**Figure A.1** Humanistic Management Network's integrated approach for a more life-serving economy

slowly but systematically support the creation of a life-serving economic system in which authentic human needs will be served.

Humanistic Management Network currently consists of the editorial team of this book.

They are:

Wolfgang Amann  
 Shiban Khan  
 Michael Pirson  
 Heiko Spitzeck  
 Ernst von Kimakowitz

## Our pledge

If we do not take responsibility for reshaping our economic system and business organizations, who will? And even if – in the end – our collective efforts fail to reach the goal of a humane future, we can say that we tried our best in order to achieve it. Or as Martin Luther put it: “Even if I knew that tomorrow the world would go to pieces, I would still plant my apple tree.”

This is easy to demand but hard to live up to. However, if we do not strive for the highest goals right at the beginning, we will not get very

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far at all. This is why we as editors pledge the following and encourage any reader, student, colleague, and critic to hold us accountable to this and to indicate if we lose our way to a humane future.

Our pledge:

- As *researchers*, we aim to generate *actionable knowledge* to help others to grow as humans. We will focus on publishing books and articles of which we can be proud, but we will also act on this knowledge as teachers and consultants.
- As *teachers*, we will make sure that our students understand the duality of success and humanism and, in case of doubt, to strive to make man the measure of all things. Our duty as education professionals is to help our students grow professionally and as humans.
- As *consultants*, we make sure that we combine our ideals with our capabilities to generate pragmatic solutions that make a difference to humans as well as to business.
- As *citizens*, we will foster discourse on humanism in business to enable people to understand the challenges of our shareholder economy and to start thinking of creative solutions.
- Finally, we hold ourselves accountable, open to discourse, and undertake to be transparent, to develop measures for academic accountability.

This pledge mirrors what this book is about: reflection, principles, and action. However, as editors, we would not be the servants we strive to be, if we were merely satisfied with the publication of a book that includes a pledge. We are striving for a real-life impact towards a more humane business environment.

Where do we go from here?

We encourage fellow researchers from diverse disciplines to cooperate and evaluate the interactions between business and society, and, we hope, to exemplify that humane and successful organizations and institutions are feasible. This would encourage practitioners to experiment with similar life-conducive endeavors. In the same spirit, we encourage practitioners to share their stories of what worked and what did not. Research, case studies, etc. would help to initiate a constructive public discussion about humanistic values in our current business environment – a topic that we believe affects each of us.