

Humanistic Management

In a world facing multiple crises, our foundational institutions are failing to offer effective solutions. Drawing on the emerging consilience of knowledge, Michael Pirson debunks the fundamental yet outdated assumptions of human nature that guide twentieth-century management theory and practice – as captured in the “economistic” paradigm – and instead provides an urgently needed conceptual and practical “humanistic” framework, based on the protection of human dignity and the promotion of well-being. By outlining the science-based pillars of this innovative system, Pirson provides a new model for the responsible twenty-first-century leader seeking sustainable ways to organize in a world of crisis. Highlighting relevant applications for research, practice, teaching, and policy, this book is ideal for graduate students and professionals seeking to develop their understanding of responsible business, business ethics, and corporate responsibility.

MICHAEL PIRSON is Associate Professor of Management, Global Sustainability, and Social Entrepreneurship, and Director of the Center for Humanistic Management at Fordham University. He cofounded the Humanistic Management Network and serves as Editor of the *Humanistic Management Journal*. He has won numerous awards, including from the Academy of Management, and has published extensively on humanistic management, philosophy, and business ethics.

Advance Praise

This book is an absolute must read to any business school student and leader of any type of organization, from profit to non-profit, small to large, business to political!

**Christopher Arbet Engels, Chief Medical Officer *Poxelpharma*,
former VP at *Biogen*, Boston Massachusetts**

In *Humanistic Management*, Michael Pirson argues for a significant shift in how we all – companies and individuals alike – need to conceive the practice of managing today and most importantly tomorrow, putting the old “economistic” paradigm behind us and moving rapidly towards a more humanistic paradigm for managing organizations and our economic institutions. Read this important, accessible, and beautifully-developed book. You will be glad you did!

Sandra Waddock, Boston College

As a 30-year veteran of Wall Street, I lived through many of the examples cited by Dr. Michael Pirson in exposing the shortcomings of Economistic leadership. His is a well-researched and compelling case for the critical importance of empathy, dignity and collaboration in the success of 21st century enterprises.

Ron D. Cordes, Co-founder of *AssetMark* and the Cordes Foundation

Humankind looks over the edge of a precipitous cliff, reflected in business scandals and public mistrust. The path we have taken stops at the edge. In *Humanistic Management* Michael Pirson points to another path, one away from the cliff, toward a future where dignity counts as much as maximization.

Thomas Donaldson, The Wharton School University of Pennsylvania

Finally! Here is a book that explains what “humanistic management” is all about. Pirson’s work is an important step towards a change of paradigm in the way we think, teach, practice business.

Claus Dierksmeier, Director of the Weltethos-Institut

This is an important book. It explains how the narrative of business is changing, and why we should adopt this more human understanding of business. Read it more than once. We can and should make business better.

R. Edward Freeman, University of Virginia, The Darden School

This book is a revelation! So many people in senior management positions today feel a huge disconnect between their personal values and those of their businesses and the wider economy. They long for a new story—a new way of doing business. This brilliant book not only explains why they feel as they do but shows how to construct an economy that reflects who we truly are as people.

**Stewart Wallis, Visiting Professor, Lancaster University and
previously Director, New Economics Foundation**

Michael Pirson provides a sterling upgrade to the inadequate business economic theories that currently shape democratic capitalism. With this brilliant book, Pirson helps readers see a path toward better theory, which has the potential of spurring better practice and a more meritorious future for us all.

**Roger Martin, Institute Director of the Martin Prosperity Institute
and the Michael Lee-Chin Family Institute for Corporate
Citizenship, Rotman School of Management**

Michael Pirson re-introduces humanity into problems of economic organizing. His book is both a masterpiece of interdisciplinary scholarship and an easy-to-read appeal to common sense in how we live and work. If you are struggling to find purpose and meaning in these turbulent times, read *Humanistic Management*. It offers a clear, accessible, dignity-centered bridge to an economy in service to life.

**Chris Laszlo, Weatherhead School of Management
and Case Western Reserve University**

An important book, it provides critical foundations for a new narrative of an economy in service to life.

L. Hunter Lovins, President, *Natural Capitalism Solutions*

Managers and policy makers who want to improve business and society of tomorrow should read Pirson's thoughtful analysis. Shifting business strategy towards dignity and wellbeing can benefit not only employees but society at large.

Douglas Frantz, Pulitzer Prize winner and Deputy Secretary General, OECD

This is an excellent book which expounds on the basics for stakeholder responsibility: protection of dignity and contribution to wellbeing.

Klaus Schwab, Executive Chairman of the World Economic Forum

Michael Pirson provides a much needed humanistic perspective on management given the pervasive mindlessness of current business practices.

Ellen J. Langer, Harvard University

In *Humanistic Management*, Michael Pirson questions decades of teachings about what motivates people and makes them happy. We humans are complicated beings, seeking not only stuff and security, but also connection and meaning. Pirson makes the case that with a deeper understanding of human motivation, we can design better economies and companies, which of course are made up of people. Backed by deep academic research and credibility, Pirson takes us on an important and highly readable trip toward a new theory of management.

Andrew Winston, bestselling author, *Green to Gold* and *The Big Pivot*

Very few people have the intellectual breadth to accomplish what Michael Pirson did in this remarkable book. Weaving together insights from a variety of disciplines, he has shown us what lies at the core of our shared humanity –our desire to be treated with dignity– and how crucial it is to develop a paradigm for business that recognizes his fundamental truth.

Donna Hicks, Harvard University

Humanistic Management is a much needed and timely articulation of humanistic perspectives on organizations. For

researchers, managers, policy makers and teachers alike this book is a wake-up call to take humanistic perspectives seriously. However, beyond waking us up through research, examples, and arguments, the book provides direction and inspiration about how to move down the pathways toward greater well-being and human dignity.

Jane E. Dutton, Robert L. Kahn Distinguished University Professor of Business Administration and Psychology

Pirson's *Humanistic Management* frames key questions, and provides good tools, for cultivating businesses that affirm rather than violate human dignity and further rather than thwart the advance of well-being for our own species and for nature as a whole.

Vincent Stanley, Yale University, Visiting Fellow at INSEAD, and co-author of *The Responsible Company* with Yvon Chouinard

Michael Pirson provides the long overdue reembedding of economic theory and managerial practice into its scientific and real-life contexts: from ethics to democracy, from psychology to ecology. Something that got completely separated and fragmented is being healed and becoming whole again. *Humanistic Management* transforms an impoverished chrematistic ideology back into what it ought and originally was thought to be: an economy serving the common good.

Christian Felber, Vienna University of Economics and Business, initiator of the international *Economy for the Common Good* movement

We are living in a time where old understandings of politics, economic organization and management are collapsing under their own weight. The pernicious idea that corporations exist to create shareholder value has reached the end of its useful life. What would organizations look like in an economy organized around the creation of well-being? *Humanistic Management* provides a solid and grounded framework for creating these new ways of management.

Jerry Davis, Michigan Ross School of Business, and author of *The Vanishing American Corporation*

An insightful book for the 99% – and the 1% who think that they run the world should take a close look, too.

John Elkington, Chairman & Chief Pollinator, Volans; co-founder of *Environmental Data Services (ENDS)* and *SustainAbility*; and co-author with Jochen Zeitz of *The Breakthrough Challenge*

We are facing a crisis decades in the making; a crisis created by the belief that economic growth would –on its own– deliver human dignity. With a powerful combination of age-old wisdom and modern scientific evidence, Michael Pirson shows why this was not and what can we do to find our way out.

Camilo A. Azcarate, Manager, The World Bank Group

In this book Michael Pirson takes us on an intriguing journey of tracing the sources and foundations of an emerging paradigm that can inspire the next generation of management research, management practice, and leadership capacity building.

Otto Scharmer, MIT Sloan School of Management; Founder, Presencing Institute; Author, *Theory U*

Michael Pirson draws upon a wide-ranging and rich set of inputs –from economics, psychology, sociology, management theory, neuroscience, sociobiology, history– to craft nothing short of a compelling and inclusive new narrative for human activity. In this relatively short book, given the breadth of its agenda, Pirson manages to define and defend just the sort of “new story” that our world so desperately needs and in so doing, he provides the “scripts” and arguments required for us to voice its case.

Mary C. Gentile, PhD, Creator/Director of *Giving Voice To Values* and Professor of Practice, University of Virginia Darden School of Business

This is a critically important book in a time where the world is confronted daily with the limitations of the current economic system. It’s a comprehensive, well-researched and practical guide to an inclusive and sustainable global economy.

Patrick Struebi, Founder and CEO, *Fairtrasa Group*, *Ashoka Global* fellow and *Schwab Foundation* fellow

In *Humanistic Management: Protecting Dignity and Promoting Well-Being*, Michael Pirson provides a much-needed update of flawed assumptions about human motivations that have distorted policies and practices, showing how caring and humane organizations are essential for better lives, businesses, and societies. This excellent book is an important contribution to the growing leadership and management literature paving the way for a more partnership-oriented way of living and making a living.

Riane Eisler, author of *The Real Wealth of Nations: Creating a Caring Economics* and President, Center for Partnership Studies

The influence of business and how business is done is now pervasive in our lives. Unfortunately, most of business has become dehumanized – people are treated as merely functions or objects in the pursuit of maximum profits. Michael Pirson shows us how we can restore human beings to the center, where they rightly belong. This book is a landmark contribution to our understanding of how to make this happen in practice and in our research and teaching.

**Raj Sisodia, Babson College; Co-founder & Chairman Emeritus,
*Conscious Capitalism Inc.***

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Protecting Dignity and Promoting Well-Being

MICHAEL PIRSON
Fordham University, New York



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Dedicated to
Marina,
Maximilian,
Leonard, and
Lucas
with appreciation, gratitude, and love.

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Preface

Dear Reader,

While traveling the world to talk about the concept of Humanistic Management, I have frequently been asked to recommend books providing a short overview. My answer has always been: “There are none.” Then I would slowly add: “Yet.”

This book is the result of various efforts, including numerous collaborations within the Humanistic Management Network. Together with Shiban Khan, Ernst von Kimakowitz, Heiko Spitzeck, Wolfgang Amann, Claus Dierksmeier, Consuelo Garcia de la Torre, Osmar Arandia, and many others, I was one of the cofounders of the Humanistic Management Network some twelve years ago. Since then, more than twenty national interest groups and chapters of the network have been established across the globe. We have organized numerous global conferences and events to discuss the role of management in a world fraught with problems. In addition, we have published more than fifteen books and several special issues in academic peer-reviewed journals. This book is one of the first attempts to provide an overview of Humanistic Management as an alternative paradigm for Management. It cannot, of course, be definitive in any way – the field is still emerging. The point of this book is thus to introduce the basic paradigmatic ideas that have emerged from the collaborations of different groups from various academic disciplines, including practice and public policy, over a little more than a decade.

The main purpose of this overview is therefore to inform and stimulate further discussions around the two questions that I consider fundamental: Who are we as people? And how can we organize to create a world that works for all, or as we say, a life-conducive economic system?

xvi PREFACE

There may be a plurality of approaches toward more humanistic management. In the following pages, I will present one approach. It is intended to be broad and inclusive, yet naturally limited by my personal perspective. I want to thank Christian Felber, Donna Hicks, Hunter Lovins, Roger Martin, Paula Parish, and Sandra Waddock for their helpful comments on prior versions of the book. I acknowledge the remaining limitations and am responsible for all persisting errors.

This rather massive undertaking would not have been possible without the wonderful partnerships with my colleagues within the Humanistic Management Network across the globe; the rich collaboration with the Global Ethic (Weltethos) Institute in Tuebingen, Germany, the inspiring partners at the Leading for Well-Being consortium, especially Hunter Lovins, Chris Laszlo, David Levine, James Stoner, and Andrew Winston; as well as my colleagues at the Academy of Management. I am equally appreciative of the support I have received from Fordham University and its Center for Humanistic Management in New York.

Finally, my heartfelt thanks to my wife Marina and my kids Max, Leo, and Lucas, who would have preferred their daddy play soccer with them rather than write a book.