



## ***Call for Cases: Book on Humanistic Management***

Book Title: Humanistic Management in Practice

Subtitle: How Responsible Businesses Create Success Stories

### **Editors - The Humanistic Management Network**

*The Humanistic Management Network* ([www.humanetwork.org](http://www.humanetwork.org)) tries to impact the way businesses operate by integrating humanistic thought into strategy in the quest for a more 'life-conducive' economy. *The Humanistic Management Network* has already come forward with, 'Humanism in Business', a book that looks at how humanism can contribute to management theory and practice on a system, organizational and personal level. (To be published by Cambridge University Press in late 2008.) In our second book we are aiming to provide examples of how humanistic principles can be integrated into managerial practice in order to demonstrate that successful businesses can emancipate themselves from a singular focus on short-term profit maximization whilst being highly competitive players in a market environment.

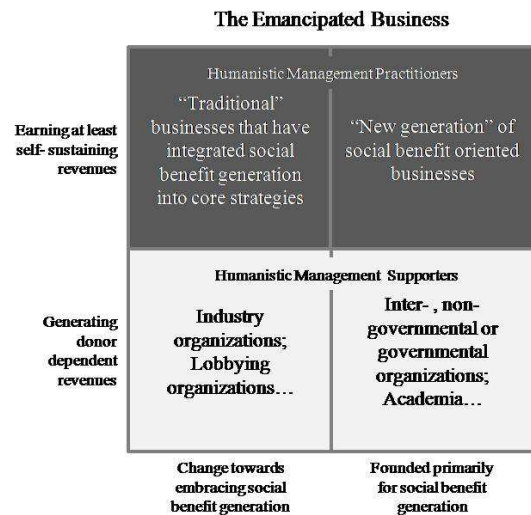
### **Case Examples**

Aiming to create actionable knowledge *The Humanistic Management Network* is intending to draw up positive examples of how businesses can succeed in generating social value whilst running a profitable organization. A prerequisite for managing a business in tune with humanistic principles is the emancipation from a singular focus on maximizing profits. This can be observed in large businesses that have changed the way in which they operate to become more responsible. Or in traditional family businesses that, sometimes unwittingly, put humanistic management into practice. Or they can be start-up companies founded with a focus on social value creation as well as established SMEs. Also, we are looking for global coverage and the cases we want to publish fall into the top two quadrants in the matrix below. The common ground all these businesses share is that they are managed as an integrated and responsive part of society by:

a) Seeing their organizational raison d'être also in the promotion of social benefit for which the use of business methods and market mechanisms is a tool – a means to support an end rather than an end in itself.

b) Submitting themselves to the necessity of earning at least a sufficient income to be a self-sustaining organization but without submitting themselves to a normative heightening of profit maximization.

c) Maintaining the liberty to opt out of the application of market rationality in situations where this would create a conflict with, or decrease the social benefit the organization aims to create.



### **Selection Process and Key Dates**

Phase one - Submission of case abstracts: **Deadline July 1<sup>st</sup> 2008**. Initially we are looking for abstracts of no more than 500 words covering the following questions:

- a) Why is this case a good example for a responsible business, a business that is managed respecting the three criteria mentioned above (under case examples)
- b) What is the company’s name, headquarter location, and size (Start-up, SME, large corporation...)?
- c) What goods or services does the business offer?

*Please submit your abstract to Ernst von Kimakowitz: [evkimakowitz\[at\]humanetwork.org](mailto:evkimakowitz[at]humanetwork.org)*

Phase two – Selection of cases: **Deadline August 1<sup>st</sup> 2008**. In a second phase the editors will act as the selection panel to determine the most telling examples and to achieve a balanced selection of cases. The authors of the chosen case abstracts will then be invited to submit a full case example.

Phase three – Full case example submission: **Deadline December 1<sup>st</sup> 2008**. In the third phase the editors will receive the chosen case examples for review.

## **BACKGROUND INFORMATION**

### **Our Understanding of an Emancipated Business**

What makes an emancipated business different to a business locked into strict adherence to market rationality is that they have gotten their priorities right. They act responsibly by following humanistic principles and this is not possible with a one-dimensional goal set geared only towards maximizing the financial returns to investors. They believe that market mechanisms are an incredibly efficient and powerful tool to allocate goods and services. But they do not intend to create demand without creating social benefit. They want their investors to get more money back than the money that has been initially invested and a growing business helps to do so (whilst providing strong evidence for the attractiveness of their market offer). But they do not see a need to maximize (short-term) financial returns at the expense of social or environmental concerns. They look at their investors as a crucial stakeholder group. But not as the only stakeholder group that is actively heard and enabled to voice concerns. Humanistic management is based on the support of genuine human needs and the development of human virtue.

Emancipated businesses, in the context of this book, have therefore freed themselves from the restraints of a one dimensional goal-set. Their managers have liberated themselves from voluntarily submitting their human rationality to market rationality. And their employees have been liberated from working in a company whose values they often do not share.

The rationale behind this book, therefore, is to show that market mechanisms and business tools can be employed as a (very efficient) means to a humanistic end without having to fully submit the organization to market rationality, without assigning a normative character to the pursue of profit maximization.

Will humanistic business conduct one day substitute today's dominant business practices? We hope so. We acknowledge the strength of status quo conserving mechanisms but we can also increasingly observe big business actively looking to play a greater role in society. And we can observe a thriving social business sector where start-up companies aim to create social value first. Can emancipated businesses win the competitive game against strictly profit maximizing businesses? We

strongly believe so as consumers increasingly look for the ‘ethical content’ of their purchases. More and more employees want to work in places that have a purpose beyond maximizing shareholder value. And sound business models can gain access to capital even when explicitly refusing a singular focus on maximizing financial returns.

### **Context and Rationale of this Book**

It seems odd. When one looks at the role the private sector is assigned to playing in society one will find definitions like: supply goods and services that people want and/or need. Or generate employment opportunities and thereby sustainable livelihoods within an economy. Or to be a source of innovation and a centre of providing creative solutions to existing challenges.

This list could go on for much longer but the important thing is to realize that nowhere will one find an argument that defines the role of business in society as an instrument to maximize the monetary return on investment for the businesses financiers – be it shareholders or other forms of ownership. When one looks at the reality of many businesses, though, it seems that this is exactly what businesses are doing - they try to ‘make money’ rather than ‘make goods and services’ turning the underlying rationality about the role of business in society on its head.

It is not the case that a business serves the interest of society and to do so those people who chip in their money must get a decent return to reward them for the risks they have entered. Instead most businesses strive to maximize the return to its financiers and to do so it needs to offer goods and services for which they can generate demand.

All the same one might think as the two are interdependent. The difficulty with this reversed rationality though is that different ends lead to different means.

A business that tries to maximize the return for those who invested in it will not be overly bothered whether the needs it serves are genuine as long as they find a way to generate profitable demand. Neither will the profit maximizing organization be able to exercise self restraint when, for example, pursuing a growth opportunity depends on turning a blind eye to ethical or environmental concerns. Nor can a purely profit maximizing business ‘afford’ to accept and act upon legitimate claims from weaker stakeholders if the result might be reduced earnings.

So, clearly, it *does* make a difference whether the role of a business is to maximize the return on investment for its financiers or maximize the benefit provided to society.

We do not, however, want to further conflict between corporate conduct and social interest. Rather than pointing out moral shortcomings of the status quo, we want to prove that there are viable alternatives. To prove this we showcase examples where businesses have emancipated themselves from the one dimensional goal-set of short-term profit maximization so that they can integrate humanistic principles into managerial practice.

### **Case example Structure (for phase three)**

In order to make the cases comparable and to capture actionable knowledge we are looking to gather some common information within all cases. This is not a static outline that needs to be strictly followed but an indication of issues we would like to see covered within the case examples which might help in giving the case authors some guidance.

1. *Overview*: Some basic knowledge about the actor described:
  - Big business, established SME, or start-up?
  - What industry, sector, or public domain is the actor present in?
  - What is the mission and vision statement if there is one?
  - Where is the actor (geographically) present?
  - What is the legal / organizational / ownership structure?
  - How many employees, how much turnover, when founded...?
  
2. *Journey towards embracing social responsibility (the case example)*: What is the actor doing that makes this organization an outstanding example for humanistic management and how was it achieved?
  - What was the issue triggering an entrepreneurial answer to a social need (predominantly for start-ups)?
  - What were the decisions that had to be taken?
  - Who were the key people taking those decisions and were there any time constraints?

- What was at stake and for whom?
  - Where were the challenges and how were they addressed?
  - Was there any external pressure and if so where was it coming from?
  - Could the business draw on external help and if so from whom? (Labor Unions, NGO's, Churches, Non-Governmental or Governmental organizations, etc)
  - What choices were there and why was the chosen path taken?
  - Which new organizational structures emerged?
3. *Results achieved:* Describing the outcome of this particular case:
- How is the case described changing the lives of which stakeholders?
  - What is the commercial, environmental, and social impact?
  - Are there any unexpected “side effects” – positive or negative?
  - Is there any pioneering element in the case that has been replicated elsewhere?
4. *General learnings:* Lessons learned that go beyond this specific case context.
- What worked well, what could have gone better?
  - Which issues were thought to be problematic and turned out to have an easy solution and vice versa?
  - What were the critical success factors?

## **Book Structure**

Foreword: Leadership through humanistic management

### **Part 1: Overview and Grounding (Author: Editors)**

Part 1 will provide some background knowledge on *The Humanistic Management Network's* approach to the role of business in society as well as answering four questions:

- a) What is the rationality behind- and what are the fundamentals of humanistic management?
- b) What are the economic 'mega-trends' that will soon turn responsible (humanistic) management into a competitive advantage or even make it a question of corporate / entrepreneurial survival?
- c) Why should big business embrace more responsible management practices and why should start-ups make responsible management part of their cultural fabric, an integrated part of their business model?
- d) What do we want to show through the cases and why did we choose the cases we chose?

### **Part 2: Case examples (Authors: These will result from the call for case abstracts)**

- a) Businesses that have changed towards embracing social benefit generation
- b) Businesses that have been founded primarily for social benefit generation

### **Part 3: Learnings (Author: Editors)**

Part three is a reflection of part one using the case examples of part two. While part one is describing rationalities based on normative arguments part three demonstrates that the arguments initially presented can produce viable business models. The three main questions of this concluding part therefore are:

- a) What can management, academics, and the general public learn from these examples?

- b) What can big business learn from start-ups with a social benefit generation mission and what can those start-ups learn from big business?
- c) What can businesses that want to address the question of their role in society learn from businesses that are already proactively doing so?

This part will highlighting some of the most interesting aspects and details of the different cases showing that it is possible – regardless of type of business or geography – to manage a company humanistically whilst still being commercially successful in a competitive environment.

This part will also analyze the cases to see where issues and / or solutions reappear in different environments and how different actors can learn from experiences made elsewhere. How can social entrepreneurs for example learn from big corporations and vice versa? What solutions were found in poor countries that are more innovative than the ones in wealthy societies? Or has a regulatory intervention on the system level produced results that are generally desirable?

This part therefore aims to lay out a common ground that is shared by all cases in order to derive success factors of humanistic businesses.