Journal of Business Ethics (2011) 99:51–62
DOI 10.1007/s10551-011-0748-6

An Integrated Model of Humanistic Management

Heiko Spitzeck

ABSTRACT. This conceptual paper analyses the arguments which have been made in favour of a transition towards humanistic management. In order to reconcile economic as well as moral arguments an integrative model of humanistic management is presented. This model outlines prospective lines of empirical research especially in the area where business conduct is profitable but not humanistic.

KEY WORDS: humanistic management, human dignity, business case, moral case

Introduction

In 1969 Luiz Seabra, the founder of Natura, today a leading cosmetics company in Brazil, saw human relations as an expression of life (N.N., 2006). More than 40 years later, Natura sees its reason of being in the promotion of well-being and being well – clearly relating itself to the values of the founder: 'Being well is the empathetic, successful, and gratifying relationship of a person with others, with nature and with the whole' (Natura, 2009). Natura is not the only company expressing genuine humanistic values in its vision and conduct. Among the many others are Cascade, Drogeriemarkt Müller, Mondragón and Novo Nordisk to name just a few (von Kimakowitz et al., 2010).

Humanistic management is also attracting increased attention from management researchers (Dierksmeier and Pirson, 2009; Llano et al., 1992; Melé, 2003a, b, 2009; Sison, 2007; Spitzeck et al., 2009). Humanistic management is fundamentally a concept of management that upholds the unconditional human dignity of every woman and man within an economic context (Melé, 2003a; Spitzeck et al., 2009). Thus, humanistic management gives responsible management a clear direction: to foster unconditional human dignity. This requires a continuous ethical reflection on management practices aiming for virtuous corporate decision-making (Sison, 2008; Spitzeck, 2009a) to assure legitimate and responsible corporate conduct (von Kimakowitz et al., 2010).

Humanistic management holds a new vision for business: serving the societies in which business operates, increasing their citizens' quality of life (Melé, 2003a; Spitzeck et al., 2009). The concept, therefore, calls for a transition of mindsets from purely economic orientations towards making man (and woman) the measure of all things (Spitzeck et al., 2009). Humanistic management fundamentally presents a new economic paradigm (Melé, 2009) as well as an alternative view of the firm (Fontrodona and Sison, 2006; Sison, 2007).

However, 're-thinking economics, business and management from a humanistic perspective is a long-term goal' (Melé, 2009, p. 413). Research in humanistic management is still in its early stages and needs to produce convincing arguments in order to have real impact on business practice. The central question this paper addresses is: which arguments are made in favour of the transition to humanistic management and how can they be reconciled? In the following pages claims made in favour of the transition towards humanistic management are analyzed, their limitations are discussed and an integrative framework for humanistic management is presented which reconciles the main arguments.

Arguments in favour of a transition to humanistic management

The need for transition towards humanistic management calls for change initiatives and raises the question of how business can be led to a more humanistic conduct (Melé, 2008, 2009; Spitzeck, 2009b). Researchers have adopted different premises in favour of this transition.

Convincing arguments appeal to the dominant thinking patterns of the target audience. For example, the business case represents a typical thinking pattern in economic contexts. There are, however, other contexts (such as politics or religion) where a different thinking dominates. A common feature of thinking patterns is that they guide information seeking and decision-making in organizations (Weick, 1979). Whether in political parties or corporations, thinking patterns enable organizations to scan and make sense of information they receive from their environment (Berger and Luckmann, 1966). Thinking patterns, thus, determine what and who is important as well as what is irrelevant and does not need attention.

The arguments in favour of a transition to humanistic management made in the literature will be analysed according to their underlying thinking pattern, that is: the criteria for inclusion and exclusion in decision-making, the ultimate decision-making criteria, to whose benefit decisions are made (*cui bono*), what empirical research has been done in this area, how these arguments assist the change towards humanistic management and finally what limitations have been found.

The business case for responsible management

The business case for responsible management (Holliday et al., 2002; Keeble and Turner, 2003; Porter and Kramer, 2002, 2006; Salzmann et al., 2005) suggests that responsible business pays off. Right decisions are those which are profitable. Wrong decisions are costly. Issues with no impact on profitability do not need to be addressed. The ultimate decision-making criterion is profitability.

Cui bono is a Latin expression meaning 'to whose benefit'? Profitability is of concern to the owners and shareholders who participate in the economic success of the organization (Friedman, 1970).

Research concerning the interdependence of responsible behaviour and financial results abounds and several meta-studies have been done already (Margolis and Walsh, 2003; Orlitzky and Schmidt, 2003; Vogel, 2005). In sum, they conclude (Margolis and Walsh, 2003, p. 277): 'A simple compilation of the findings suggests there is a positive association, and certainly very little evidence of a negative association, between a company's social performance and its financial performance'. In other words, corporate responsibility is simply good business.

In the world of business the argument that 'responsible behaviour pays' is very convincing as it relates to the managers' main decision-making criteria: 'It is attractive to many CSR advocates, since if CSR 'pays', then the profit motive will drive corporations to act increasingly responsibly' (Vogel, 2005, p. 19). It also requires little change in the decision-making structures of organizations as companies can be managed responsibly simply by looking at costs and benefits.

However, the question remains: Is it possible to convince someone to pursue humanistic management by the argument of profitability alone? Despite these encouraging findings, business case-driven thinking has been criticized by numerous researchers on moral grounds (Chandler, 2002; Sison, 2007; Spitzeck, 2009b; Spitzeck et al., 2009; Ulrich, 2008). They argue that the self-interested pursuit of profit is irreconcilable with truly responsible behaviour as it binds a responsible course of conduct to its profitability. However, responsible conduct might be necessary even under circumstances of economic losses, e.g. upholding human rights even if slave labour would be a cost-effective way of production. Under the economic view of the business case responsibility is instrumentalized and integrated as another factor into the corporate objective to maximize profits (Ulrich, 2008). This questions the hypothesis that business-case thinking can, in fact, promote truly responsible and humanistic behaviour.

From the business case perspective, the *cui bono* question is the ultimate decision-making criterion favouring owners and shareholders systematically in the organizational decision-making process. Stakeholders who do not have an impact on the company's profitability do not need to be considered in organizational decisions. This systematic exclusion of secondary stakeholders has caused high profile conflicts between corporations and civil society organizations such as Shell Brent Spar (Livesey, 2001), Nike and child labour (Zadek, 2004), Coca Cola and Greenpeace (Hartman and Stafford, 2006) and Citigroup and the Rainforest Action Network (Spitzeck, 2009b) to name just a few. All these cases share one central commonality: previously powerless stakeholders built the necessary conditions to harm the corporation economically. Only then did the corporate decision-making system perceive them as relevant. These stakeholders were able to translate their moral concerns into economic punishments. Even practitioners such as Sir Geoffrey Chandler, former senior manager at Royal Dutch/Shell therefore proclaimed: 'To suggest – as the business case essentially does – that doing the right thing needs to be justified by its economic reward is amoral, a self-inflicted wound damaging corporate reputation'. (Chandler, 2002).

In conclusion it can be said that the argument of the business case for responsible management fits well with current thinking patterns of managers. However, profit-oriented decision-making systematically excludes morally relevant stakeholders and causes irresponsible behaviour in relation to moral issues which come at a cost. No study finding a positive correlation between responsible behaviour and financial performance will overcome this systematic moral fallacy.

The moral limitations imply that the business case alone is insufficient to convince managers to move towards humanistic management. However, at the same time it is difficult to convince someone to act responsibly if she does not have the means. The Latin saying *ultra posse nemo obligatur* already formulated that no one can be obligated beyond what she or he is able to do.

The moral case for humanistic management

The moral case for humanistic management rests on the life conduciveness and legitimacy of corporate conduct (Ulrich, 2008). As organizations are embedded into a wider social and environmental context they need to legitimize their conduct before a wide set of stakeholders (Donaldson and Preston, 1995; Evan and Freeman, 1988; Freeman, 1984; Granovetter, 1985; Spitzeck, 2009b; Ulrich, 2008). This legitimation requirement is philosophically based on Kant's criterion of publicity (Kant, 2003 [1795]) and Habermas' discourse ethics (Habermas, 1984) and extends basically to any human being (Spitzeck et al., 2009). Many executives experience difficulties providing convincing answers to their company's environmental impact or human rights issues.

Overcoming this 'inability to respond' requires organizations to take any stakeholder claim into account in order to reach a legitimate decision (Evan and Freeman, 1988). Thus, there are no explicit inclusion and exclusion criteria for decision-making. The ultimate decision-making criterion is the legitimacy given to the decision by all stakeholders. This legitimation process also ensures that the chosen course of conduct improves the life conduciveness of all parties involved (Ulrich, 2008). No stakeholder can reasonably be expected to approve a decision which diminishes his or her quality of life (Sen, 2009).

A number of case studies demonstrate that corporations do act as moral role models despite the economic costs of their decisions. These companies uphold ethical principles even if they come as a cost or cause competitive disadvantage. The owners of Malden Mills, e.g. honoured their commitment to the local community after a fire destroyed the production facilities. Instead of moving production abroad which would have been cheaper, they rebuilt the facilities and continued to pay workers even during the downtime (Seeger and Ulmer, 2002). Among other prominent examples are Merck's engagement against River Blindness (Useem, 1999), The Body Shop (Livesey and Kearins, 2002; Wheeler and Sillanpää, 1997), Natura (Jones and Reisen de Pinho, 2007), Ben&Jerries (McWilliams and Siegel, 2001), Johnson & Johnson's Tylenol decision (Greyser, 1982) and the Cooperative Bank's ethical policies (Harvey, 1995).

At the other end of the spectrum there are cases of moral villains. Here corporations act against moral considerations in order to save costs or to increase revenues. One famous case is the Ford Pinto (Birsch and Fielder, 1994). Ford decided not to take safety measures as increasing the safety of the vehicle would have been more costly than the litigation and compensation costs for the cases in which people were dying due to the safety issues. Other, similar cases are Exxon Valdez (Livesey, 2002), and Union Carbide's Bhopal disasters (John, 1991).

In between the extremes are cases in which moral issues caused a legitimacy crisis and triggered organizational learning and change (Hartman and Stafford, 2006; Kädtler, 2001; Livesey, 2001; Spitzeck, 2009b; Zadek, 2004). Where this learning could not be left to the corporation, but needed to be enforced, it often fell in the domain of regulation to guarantee alterations of business conduct. In some cases, therefore, illegitimate corporate conduct led to new regulations such as in the case of Enron which caused the U.S. government to enact the Sarbanes–Oxley Act (Currall and Epstein, 2003; Watkins, 2003).

The ample case study evidence suggests that only a few moral leaders are motivated by the moral requirements alone. These few are either considered high-purpose companies (Arena, 2006) or companies practicing humanistic management (von Kimakowitz et al., 2010). High-purpose companies have and live values which go beyond profitability such in the case of Timberland's mission to protect the outdoors and to provide equipment to enjoy nature. Timerland calls this Earthkeeping (Arena, 2006). Humanistic management is the pursuit of strategies and practices aimed at the creation of human welfare. It is a style of management that unconditionally respects human dignity in business through submitting its practices to societal critique. By engaging in an open dialogue about values business should serve to help corporate managers realize that a humanistic purpose of business is ultimately to serve people. Cases such as Grameen Danone, Mondragon, Novo Nordisk and Sekem, to name just a few, demonstrate that a humanistic approach to management is a feasible ideal (von Kimakowitz et al., 2010). Most companies start to pay attention if moral considerations get translated into economic impact be it via new regulation or pressure groups.

While moral considerations take all relevant stakeholder considerations into account in corporate decision-making and provide a sound philosophical basis for legitimate corporate conduct they are limited by practical issues. Empirical research suggests that it is unlikely that corporations and their managers will change their behaviour purely motivated by moral arguments. Also reaching all corporate decisions through a broad stakeholder consultation exercise is not practically feasible.

The following Table I summarizes the discussion around the main arguments for change towards humanistic management by the key aspects of the underlying thinking pattern.

These lines of research unintentionally created an either/or perception (von Kimakowitz et al., 2010). Either you are 'profitable and evil' or you are 'responsible and unprofitable'. The description above should make clear that the two aspects of legitimacy and profitability are interwoven, that profit-oriented thinking has ethical connotations and vice versa. However, the interdependency between economic and moral aspects does not necessarily lend itself to an either/or perception and can be combined in different ways.

Researchers have begun to understand this duality and are formulating an integrative view, where ethics and economics go hand in hand (Basu and Palazzo, 2008; Ulrich, 2008). This perspective accepts that managers are confronted with issues of responsibility and profitability at the same time. As Margolis and Walsh pointed out: 'Managers confront difficult dilemmas when normative and instrumental claims do not perfectly align' (2003, p. 280). Any individual manager has to deal with this duality in everyday decisions and there is no outside criterion which helps to regulate between profitability and morality. Therefore, a manager always organizes as if there were two goals to fulfil (see also Oser, 1994, p. 61). This conceptual paper takes the two dimensions of profitability and morality to develop an integrative model of humanistic management.

An integrative model of humanistic management

The following integrative model of humanistic management (Table II) maps the two dimensions of profitability and morality on a 2×2 matrix. The resulting quadrants I–IV will be described in more detail below. While there are areas which might be described as 'profitable and evil' (Quadrant I) as well as 'responsible but unprofitable' (Quadrant IV), humanistic management combines the two dimensions virtuously (Quadrant II). The model can be used on an organizational level describing the difference between organizations as a whole as well as on an issue-level.

TABLE I

The main arguments for change towards humanistic management in comparison

	Business Case	**Moral Case**
Ultimate Decision-Making Criteria	Profitability	Life-Conduciveness
Cui bono	Shareholders	All Humans
Case for Change	Strong	Weak
Limitations	Moral Responsibility	Practical Feasibility

TABLE II

Integrative model of humanistic management

	Non-humanistic	**Humanistic**
Profitable	I Challenge for society	II Humanistic Management
Not profitable	III Irrelevant	IV Challenge for the organization

TABLE III

Quadrant I: Illegal, unacceptable and illegitimate corporate conduc

	Non-humanistic			**Humanistic**
Profitable	Illegal	Unacceptable	Illegitimate	II Humanistic Management
Not profitable	III Irrelevant			IV Challenge for the organization

Quadrant I: profitable and non-humanistic

Quadrant I describes corporate conduct which is profitable but non-humanistic. Non-humanistic here refers to business activities which are to the detriment of human dignity. An extreme example for business in this quadrant, as described in previous research, is the Mafia (Gond et al., 2007; Ulrich, 2008). While economically extremely successful the Mafia's business activities such as drug and weapon trading, prostitution and extortion are broadly considered irresponsible, not humanistic and are, thus, illegal in most jurisdictions.

While humanistically bankrupt, the business case for these activities is so attractive (irresponsibility pays) that Mafia groups have been formed in different countries. Illegal business activities, however, are an extreme case of profitable and non-humanistic business (see Table III).

Zadek (2004) describes issues moving through different stages of maturity starting at a latent level, where a few pressure groups are aware of the problem but due to a lack of scientific evidence the business community ignores or dismisses the issue. The next level is the emerging stage where the issue gets media attention but evidence is still weak. On the consolidated stage sound evidence is presented giving room to voluntary initiatives and calls for regulation. In the final institutionalized stage legislation or business norms are established and respective practices become the part of a business-excellence model. Following the rationale of issue maturity (Luhmann, 1971; Zadek, 2004) illegitimate, unacceptable and illegal activities can be distinguished. The first stage consists of illegitimate activities which do not adhere to sound ethical principles such as the golden rule. Although the activities are illegitimate there are few or no objections made in practice. An example for an issue moving from illegitimate to unacceptable is Nike's struggle to overcome child labour allegations (Zadek, 2004). Child labour contradicts the golden rule and can be considered illegitimate. However, in the countries where Nike's suppliers operated child labour was not seen as unacceptable, nor was it illegal. The issue became unacceptable when the media started reporting and consumers in the developed world started boycotting the company. The issue reaches a new level of maturity and qualifies as being 'unacceptable' as soon as the number of opponents amongst the public starts increasing significantly. At this stage public pressure to act increases triggering either corporate adaptation or new legislation. When new legislation is enacted the issue finally moves to an institutionalized form of illegality. The establishment of the Fair Labor Association can be considered as institutionalizing the issue of child labour as illegal in the apparel industry. Therefore, Quadrant I can be separated into three different areas of illegal, unacceptable and illegitimate corporate conduct depending on the maturity of the issue (see Table III).

Such forms of non-humanistic business basically create a challenge for society. The term 'society's case for humanistic management' might describe this phenomenon in which economic incentives lead to the surge of non-humanistic organizations or business practices which can only be controlled by laws and the use of public force in order to protect the public's interest.

There has been very little systematic empirical research around society's case for humanistic management. In management studies we know next to nothing about effective societal strategies on how to prevent non-humanistic organizations or practices emerging and if it is possible to transform profitable non-humanistic organizations into humanistic ones (transition from Quadrant I to Quadrant II). Research on social movements (Kädtler, 2001), NGO and media campaigns (Livesey, 2001; Sethi, 1979; Spitzeck, 2009b) might contribute to answering some of these questions as they criticize forms on non-humanistic management and by doing so provide incentives to corporations to alter their conduct.

Quadrant II: humanistic management

Quadrant II encompasses all organizations which manage profitably as well as humanistically. These corporations have found financially attractive business models or practices which respect human dignity (Spitzeck et al., 2009). Quadrant II thus describes humanistic management, as defined above. Humanistic businesses make products and services that are addressing genuine human needs and they make them in ways that respect the concerns of all stakeholders (Sison, 2007; von Kimakowitz et al., 2010).

There has been extensive research in Quadrant II. Especially the emerging field of social entrepreneurship (Haugh, 2007; Mair et al., 2006; Martin 2007; Nicholls, 2006; Seelos and Mair, 2005) holds the promise to identify humanistic business models and practices. Social entrepreneurship has been defined as a combination of 'economic benefits of entrepreneurship with the delivery of social and environmental outcomes' and is perceived as holding 'the potential to assist the economic and social development of individuals and societies around the world' (Haugh, 2007, p. 743). Some scholars therefore argue that social entrepreneurs serve as a template for humanistic management (Austin, 2006; Pirson, 2009). The 2006 Nobel Peace prize was awarded to Muhammad Yunus. Never before had a Nobel Peace prize been given for a business idea which blends social and economic value creation. By providing microcredits Yunus' Grameen bank helped millions of Bangladeshi people out of poverty and is financially self-sustaining (Haugh, 2007). Another related concept is research in the area of Business at the Bottom of the Pyramid (BoP) (Prahalad and Hart, 2002). Instead of serving the 100 million customers in the first world, the authors argue for serving the 4 billion customers with a lower purchasing power in developing nations. Lower margins would be compensated by a higher turnover under the condition of reaching economies of scale.

However, the implicit harmony expressed in Quadrant II between humanistic value creation and profitability raises an important question: Does it matter which motivation is behind the business? Is there a danger of doing good for the wrong reasons? A closer look at Quadrant II might help to answer this question (Table IV).

The upper left hand corner of Quadrant II might describe businesses which are doing good for the wrong reasons. They – intentionally or not – put humans second and profit first. These businesses are

TABLE IV

The relationships between profit and morals in Quadrant II

<table>
<tr><th></th><th>Non-humanistic</th><th colspan="2">Humanistic</th></tr>
<tr><td rowspan="2">Profitable</td><td rowspan="2">I
Challenge for society</td><td>Instrumentalizing Business
Profit>Morals
Profit Maximizing</td><td></td></tr>
<tr><td></td><td>Truly Humanistic Business
Morals>Profit
Profit as a means for societal value creation</td></tr>
<tr><td>Not profitable</td><td>III
Irrelevant</td><td colspan="2">IV
Challenge for the organization</td></tr>
</table>

not high-purpose companies, their human welfare contributions are coincidental in the pursuit of profit, and in the case of conflict between humanistic and financial goals, they opt for the most profitable alternative. The BoP approach especially has been criticized for exploiting the poor for business reasons and for not really contributing to the conduciveness of life of the poor (Karnani, 2007a, b, 2009; Letelier et al., 2003; Olsen and Boxenbaum, 2009). Companies engaging in BoP strategies for profitability reasons alone might be doing the right thing for the wrong reason and thus occupy the upper left corner of Quadrant II, where profit comes before human value creation. In general there are three main issues with doing good for the wrong reason.

The first issue is that companies motivated primarily by profits are instrumentalizing the public's ethical concerns for private gain (Ulrich, 2008). Therefore, activities in this area might be best described as instrumentalizing businesses.

The second is that humanistically 'right' decisions are not taken if they are not profitable. A case in point is orphan drugs. Orphan drugs are medicaments which are effective in the treatment of some diseases but are not manufactured because, e.g. recipients cannot afford to pay for them. A truly humanistic economy would find ways to finance orphan drug production in order to reduce human suffering. The case of Merck's development of a drug to cure river blindness is currently a rare exception of a company opting for a humanistic conduct despite the costs involved (Useem, 1999).

The third problem is that humanistically 'wrong' decisions appear to be right as they pay off economically if the framework conditions are not altered. The unsustainable use of resources might serve as an example here (Meadows et al., 1992, p. 187f.): 'If it [the whaling industry] can exterminate whales in 10 years and make a 15% profit, but it could only make 10% with a sustainable harvest, then it will exterminate them in 10 years. After that, the money will be moved to exterminating some other resource'.

Truly humanistic businesses, therefore, are profit-satisfying instead of profit-maximizing as their first priority is always to make men (and women) the measure of all things (von Kimakowitz et al., 2010). This clearly means putting profits second, without claiming that profits are not necessary or inherently bad. Social entrepreneurs and leaders such as Nobel Peace Prize winner Muhammad Yunus and his Grameen bank would not be able to scale their business and its social impact if they had to pay for every customer they serve. However, profit for them is a means to create social impact and all financial surplus is reinvested in the company with the basic and humanistic mission to bring people out of poverty (Husock, 2006). The main intention of humanistic businesses is to alleviate human suffering and to contribute to life conduciveness (Ulrich, 2008). Humanistic businesses therefore are located in the lower right hand corner of Quadrant II where humans come first and profits second.

Quadrant III: not profitable and non-humanistic

Quadrant III describes businesses and management practices with are neither humanistic nor profitable. As organizations situated in this space would not have the moral nor the financial resources to exist, Quadrant III can be considered irrelevant in a business context.

Quadrant IV: not profitable and humanistic

Quadrant IV encompasses all organizations which strive for humanistic aims but are in themselves not profitable. The United Nations Department of Public Information for example defines Non-Governmental Organizations (NGOs) as 'a not-for-profit, voluntary citizens' group, which is organized on a local, national or international level to address issues in support of the public good' (United Nations Department of Public Information, 2006). NGOs usually receive funds from donors and foundations in order to finance their activities. These donors must find the engagement of the NGOs somehow useful, despite it not being profitable. In a similar vein governments are financed by taxes which are not linked to an interchange of goods and services. Few would argue that governments are completely unnecessary though they are unprofitable.

However, NGOs as well as governments need to finance themselves and cannot neglect the importance of profitability and economic concepts such as efficiency and effectiveness. A purely moral approach to their organizational objectives which did not consider economic feasibility would be clearly irresponsible and detrimental to their success. According to a study in the US more than 450,000 NGOs continuously operate in financial distress. Of those, roughly 100,000 are actually financially insolvent (Mattocks, 2008). Organizations in Quadrant IV need to consider financial sustainability and convince society that their existence is worthwhile. This is increasingly also the case for corporations.

Discussion

The integrative model of humanistic management clearly demonstrates that there is the necessity of both distinctions – financial profitability as well as humanistic objectives. Therefore, this paper argues that profitability is a necessary, but not sufficient condition for humanistic management. Likewise

	Non-humanistic	**Humanistic**
Profitable	I Challenge for society	II Humanistic Management
Not profitable	III Irrelevant	IV Challenge for the organization

Figure 1. The danger of the business case for humanistic management – eliminating an essential judgment criterion.

humanistic goals can be achieved by different organizations such as governments, the church, NGOs (Quadrant IV) as well as businesses. Humanistic management is clearly positioned in the business area, where humanistically oriented activities at least need to break even (Quadrant II).

However, it is important to remember that both cannot be reduced to a single indicator. Therefore, studies examining the relationship between responsible and financial performance are inherently dangerous as they suggest that responsible behaviour can be expressed in financial terms. Figure 1 shows that this would eliminate the second important judgment criterion which is central to distinguish humanistic from non-humanistic forms of business.

The integrative model of humanistic management also has implications for management education, which has recently been criticised for the negative societal impact of the lack of moral reasoning skills of business students (Gioia, 2002, 2003; Goshal, 2003, 2005). Research suggests that institutions of higher education are doing well in explaining profitability, efficiencies and effectiveness but not so well in fostering the moral and humanistic evaluation skills of students. However, these skills are critical for a sustainable future of the planet (Orr, 2004) as well as respecting human dignity in a business context (Choi et al., 2004). The United Nation's launch of the Principles for Responsible Management Education in 2007 (UN Global Compact, 2007) takes up this challenge and encourages universities to educate students in both dimensions.

Conclusion

The aim of this conceptual paper has been to evaluate and reconcile arguments made in favour of a transition to humanistic management. The integrative model of humanistic management presented demonstrates that neither the business case nor a purely moral approach present sufficiently convincing arguments. At the same time the model makes clear that the two dimensions cannot be reduced to a single evaluation criteria, as for example research on the interrelation of financial and responsible performance implicitly suggests. Therefore, further research regarding the introduction of moral aspects into corporate practice is suggested.

Productive research in Quadrant I could investigate into society's case for humanistic management with the aim of evaluating different strategies and tools that can serve governments and civil society in effectively dealing with non-humanistic businesses (Ulrich, 2009). A central question is how non-humanistic business approaches can be changed to embark on a humanistic course of conduct (transition from Quadrant I to Quadrant II) especially as profitability considerations speak against such a direction.

A closer look at Quadrant II could help to identify differences regarding the motivations for corporate conduct. How can we know if an organization does the right thing for the wrong reasons? What practical consequences does such an approach have? Some research suggests that profitability-motivated BoP activities raise many operational difficulties due to fact that trust with critical stakeholders erodes (Karnani, 2009; Olsen and Boxenbaum, 2009). It would also be interesting to investigate how different organizations in Quadrant II deal with the duality of profitability and putting humans at the centre of their attention by looking at their definitions of success, which are arguably different for social entrepreneurs and traditional businesses. What does success look like for organizations in this space?

Finally, research in Quadrant IV could help NGOs to avoid financial distress and to increase their own accountability (Brown and Jagadananda 2007; Lloyd et al., 2008). More fundamentally, an increasingly globalized world needs to find effective mechanisms to avoid human misery and to foster human dignity. One relevant question in this area is how to organize, for example, the development of orphan drugs for diseases affecting a large part of the global population which is unable to pay for them, and where market-based mechanisms therefore fail.

The integrative model of humanistic management presented also has implications for practice. Humanistic management presents a challenge for leaders inside organizations who need to reconcile moral as well as financial logic in their decision-making. It has been observed that that 'Corporate Social Responsibility has a moralistic overtone that some companies find irritating' (Porritt, 2003, p. 13). The challenge in practice, however, is precisely to enable corporate leaders and managers to talk and decide about moral issues just as they do about profitability. If not, humanistic management will never succeed, as human dignity has a value, but not a price (Kant, 1997).

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Cranfield School of Management, Doughty Centre for Corporate Responsibility, Cranfield University, Cranfield, Bedford MK43 0AL, U.K.
E-mail: heiko.spitzeck@cranfield.ac.uk