

# Qualitative Freedom and Cosmopolitan Responsibility

Claus Dierksmeier<sup>1</sup>

Accepted: 3 November 2017 / Published online: 16 November 2017  
© Springer International Publishing AG, part of Springer Nature 2017

**Abstract** Resting as it does on the principle of freedom, today's global economic system is in need of a global economic ethos of responsibility so as to assure its social and ecological sustainability. Not all ideas of freedom, however, are equally amenable to conceptions of cosmopolitan responsibilities. This article examines how quantitative versus qualitative notions of freedom respectively respond to this challenge. Simply put, quantitative models hinder the integration of responsibility into models of economic rationality whereas qualitative conceptions advance it. As a consequence, efforts to promote a humanistic paradigm of economics and management fare better when oriented at a qualitative idea of freedom. Cast along the lines of a qualitative conception of freedom, corporate responsibility more readily takes on a cosmopolitan dimension apt to meet the needs of the current age of globality.

**Keywords** Freedom · Corporate responsibility · Humanistic management · Humanistic economics · Sustainability · Globality · Cosmopolitanism

## Introduction

Freedom is the premise of most viable economic systems today. On the micro level of individual behavior (customer choice, workers' rights, freedom of contract), on the meso level of group action or corporate agency (license to operate, freedom of association and organization), on the macro level of governmental policy-making (openness of commodity and financial markets, regulatory environments) and with regard to global governance (worldwide monitoring and managing of negative externalities), this freedom has to be balanced by concomitant responsibility. Where this balance lacks, our economic system appears not only normatively amiss but also proves functionally impaired and undermines its own social and ecological sustainability (Dierksmeier and Pirson 2010).

---

✉ Claus Dierksmeier  
clausdierksmeier@gmail.com

<sup>1</sup> Weltethos Institut, University of Tübingen, Tübingen, Germany

There are, as has often been stressed, different ways to portray the relationship between freedom and responsibility (for a recent survey see Carter et al. 2007). Each entails a different – and often mutually exclusive – view as to how firms ought to embrace society’s call for corporate responsibility. In declaring for a particular conception of freedom one tends to predetermine also the categories that characterize the responsibilities which firms are supposed to take on. Since the concepts of humanistic management and humanistic economics are premised on the notion of human freedom, this rivalry of conceptions must be addressed. Only clarity in this regard can provide management and economic policy with the requisite acuity as to the scope and direction of their non-financial responsibilities.

In what follows, I shall argue that our present age of globality requires a cosmopolitan conception of corporate responsibility (Part 1). In order to decide from which type of economic freedom this responsibility should take its cue, I examine two contrasting notions of freedom: *quantitative* freedom (Part 2) and *qualitative* freedom (Part 3) which comprise between them the wide spectrum of contemporary liberty theories. From this analysis, a conception of a globally responsible freedom emerges that can buttress current efforts to advance a paradigm change in favor of humanistic economics (Part 4) and humanistic management (Part 5).

### Corporate Responsibility in the Age of Globality

History has long since made cosmopolitans of us all. While certain aspects of globalization might still be interrupted or perhaps even reversed, the general trend seems unstoppable. The sheer breadth and depth of the globalization which has already taken place forces us already to think in terms of globality, to take measurements on a planetary scale, to consider the long chains of international consequences of our actions, and to stay ahead of global trends and developments. A fundamental paradigm shift has already moved us from locally defined economic and political decision-making towards the horizon of the global. While the true nature of our planetary legacy may only be fully understood by future generations, our responsibility for that legacy is already a notable feature of our present conscience: whoever acts globally must be globally responsible (Dierksmeier et al. 2011).

In the past, it was mostly moral idealists – like the German philosophers Immanuel Kant (1724–1804) and Karl Christian Friedrich Krause (1781–1832) – who called for human freedom to be exercised according to strictly universalizable maxims, as if we owed the whole world a moral balance sheet. Today, however, even self-proclaimed realists recognize that our enlightened self-interest ever more coincides with the precepts of moral cosmopolitanism. As a consequence, even hard-nosed empiricists begin to explore the heuristic potentials of idealistic moral universalism.

Philosophers have forever busied themselves with the task of finding universally valid moral principles. Yet the cosmopolitan ethics espoused by many of them have often been plagued by theoretical as well as practical objections: Why should principles formulated in one place and time be valid in another? And more generally, how could principles formulated on the uncluttered drawing board of pure theory be applicable to the messy coalface of human life? In response to these questions, we need an ethics that neither neutralizes nor trivializes the differences between the world’s moral traditions: The world requires *both* universalism *and* plurality; this is the cosmopolitan mandate with which contemporary ethics must reckon (Appiah 2007).

Central to this mandate, as I will presently argue, is the idea of freedom. How can the idea of freedom serve as the basis of a cosmopolitan ethics, though? Doesn’t each of us have his or her own understanding of freedom, thereby rendering freedom a notion that divides rather than unites? Or could an idea of freedom be found which is both as global and as local as the

challenges it is called upon to solve? Moreover, why prioritize freedom at all? Would such a move not make a quintessentially Western value the measure of all things, effectively drowning out other voices in the cosmopolitan chorus?

Against these doubts, I defend the idea of freedom as a universal value. There may be cultures which do not define themselves *explicitly* in terms of freedom; but all do so *implicitly*, even and perhaps never more so than when rejecting liberal practices. Individuals and groups who subscribe to illiberal lifestyles claim to do so autonomously, after all. All ethical orientations, no less commitments to fundamentalist positions, lose their moral merit if imposed from without. Even fundamentalists, therefore, defend freedom-as-self-determination, and accordingly they have no good reason to deny to others the very autonomy they seek to exercise. In this self-recursive, self-legitimizing sense, the idea of freedom does set itself apart from other, culturally prescribed norms with universalist pretensions (Dierksmeier 2016a).

Freedom is, however, only commendable as an arbiter of cross-cultural value questions if we distinguish between the *one idea* and the *many concepts* of freedom. The *idea* of freedom can claim universal validity even though, or, rather, precisely because certain *concepts* of freedom may mean different things in different places. The *idea* of freedom is structural in nature, not substantial, and thus not only can but *must* be lived out in a healthy variety of ways. Therein lies its chance to reconcile the tenuous relation between unity and diversity in human norms and values.

As a consequence, we need to ask in any given case: *which* freedom and *whose* freedom is in question? If, for example, freedom is reduced to multi-party elections in the political sphere or to a range of consumer choices in the economic sphere, there obviously remains the question whether other valid options may have been left out of the picture. Why, for instance, should the idea of freedom be subordinated to the dictates of the market or party politics? Why should freedom be confined to choices *within* a system and not extended to the choice *of* the system itself? Indeed, why limit freedom to the sphere of *choice* at all when one might just as well invoke it in the *creation* of new options and/or the *modification* of old ones? Thus, in the realm of freedom, the powers of critique fast amount to a critique of power.

This has not gone unnoticed. The contest over the labeling of freedom as negative versus positive, procedural versus substantial, idealistic versus materialistic, to name but a few of its forever contested aspects, proves as much. I shall pass over this controversy, as I have addressed it elsewhere at length (Dierksmeier 2016a, b). Instead, I would like to recast the debate along the lines of the categories of *quantity* and *quality*, i.e. between quantitative and qualitative freedom. As these terms are expounded in detail below in the management context, for the moment it may suffice to say that, broadly speaking, *quantitative freedom* describes a maximizing concept which aims for the largest possible number of options or the greatest possible expansion of individual choices. On the contrary, the idea of *qualitative freedom* stresses the importance of evaluating, creating, and changing options; some liberties, consequently, might turn out to be worth more than others. While *quantitative* freedom defines itself in terms of *how much* freedom can be granted, the concept of qualitative freedom explores *which* and *whose* freedoms are owed priority, before quantifying these options.

Generally speaking, quantitative conceptions, frequently of libertarian or neoliberal origin, have an affinity to the tradition of *negative freedom* theories, while qualitative conceptions have something in common with *positive freedom*. The two pairs do by no means fully overlap, though. Their crucial difference shows in view of an all-important *procedural* dimension. Other than many theories of *positive* freedom, the conception of *qualitative* freedom neither requires, nor permits, ex cathedra proclamations determining which freedoms

are to be prioritized, but rather calls on the concerned individuals and institutions to make those distinctions. In other words, the abstract, structural *idea* of qualitative freedom ought at all times be distinguished from attempts to specify and realize specific freedoms in light of said idea (Dierksmeier 2016a).

As I see it, a key weakness of previous theories of both positive and negative freedom is their inability to establish this very distinction. Discussions of freedom in general hence typically descended into quarrels about particular liberties. Without demarcating, however, the philosophical idea from its potential applications, the abstract stance for a qualitative notion of freedom is easily confused with a defense of specific policies which its application may or may not entail. Unlike previous concepts of positive freedom, the idea of qualitative freedom helps us make and maintain this important difference.

## Quantitative Freedom

The label of quantitative freedom refers to the identification of freedom with the maximization of individual choice. Devotees of quantitative freedom, such as Milton Friedman, believed that when it comes to freedom and its options, the best yardstick is ‘the more, the better’ (Friedman and Friedman 1990). Correspondingly, policies leading towards a deregulated economy and a recalcitrant government are to be embraced as they increase the number of available choices to individuals. On this view, the role of management is basically to ensure compliance with society’s laws and expectations. Any and all efforts beyond those narrow confines – as demanded by calls for corporate responsibility on behalf of social and ecological sustainability goals – must be defended against those whose options might be curtailed or whose profits might be reduced by such endeavors. On the whole, therefore, management in accord with quantitative conceptions of freedom consigns itself to advocating the morals of sound and proper housekeeping and shuns efforts to broaden the objective function of business beyond meeting pecuniary parameters.

Many have criticized a purely quantitative approach to the idea of freedom as insufficiently nuanced. Martha Nussbaum, for one, argues that an undifferentiating maximization of options won’t do, as some freedoms “are simply less important, (and) others may be positively bad.” As an example of the former, Nussbaum cites “the freedom of motorcyclists to drive without helmets,” and as an example of the latter, “the freedom to harass women in the workplace” (Nussbaum 2011: 72–73). Should we really maximize any and all options, or ought we not rather be more selective – individually as well as collectively?

Against such critique, defenders of quantitative theories argue that even such *qualitative* differences could be accommodated within their *quantitative* matrix: in terms of quantitative *fecundity* (Feinberg 1992). One is, then, not only to count first-order options but also the number of second-order options enabled by each set of first-order options. The course of action with the highest total number of subsequent options wins out. With Charles Taylor, I would reject such defensive moves as “either vacuous or false” (Taylor 1985). Vacuous, if one defines better options simply as such which produce more second-order options, and false, if one assumes qualitatively superior options necessarily produce more subsequent options. To give but one counter-example: Criminal laws against ‘fringe political activity’ (Dworkin 1977: 268) might only affect small numbers of people compared, say, to laws against fraud, theft, traffic offences, and so on, but we would certainly regard them as a much more acute a threat to our liberty if instituted. So, the quality of our options cannot be reduced to quantitative denominators, lest

*quantity* becomes itself the one and only *quality* of freedom. For then the allegedly value-free approach of pure description would shape-shift into a dogmatism of but one value, i.e. that of quantitative maximization.

This elementary but essential insight requires us to rethink many conventional views on freedom. Mere reliance on the number of options available to our pursuit of happiness blinds us to the full width of the idea of freedom, e.g. to the dimension of freedom as a normatively motivated reflection and critique of our preferences. After all, but a small number of second-order preferences may cause us to reevaluate and transform a host of first-order preferences. Consider, for instance, the function of simple moral maxims (like peacefulness, truthfulness, fidelity, etc.) that help to keep multiple hedonistic preferences in check. Would we be in any way freer if these many first-order preferences were somehow allowed to overwhelm our fewer second-order maxims? People enslaved by their passions are, after all, rarely depicted as paragons of freedom. It therefore seems unwise to reduce freedom to mere choice or to treat the nature of our options as a derivate of their number.

Yet to conceive of freedom as some kind of physical commodity in a bazaar of desirable goods, is, to be sure, exactly what many proponents of quantitative freedom propose (Kymlicka 1989). They reject outright the qualitative position of freedom as an end in itself, endorsing instead the view that liberty is but a means to other ends. Freedom on this view is very much like money, an infinitely transferable means of exchange; a currency, as it were, of which, assuming infinite desires, one can never have enough: a purveyor of goods, solely to be esteemed according to its respective purchasing power. Once *quantitative pricing* replaces all *qualitative prizing*, however, the use value of freedom shrinks to its exchange value; freedom becomes tantamount to what it can purchase.

This commodification of freedom ultimately demands a further reification of freedom. We are to conceptualize freedom now as a mechanical force in a materialist universe, in light of which we, eventually, also “need to think of space and time as granular in order to produce measurements of the extensiveness of available action” (Carter 1999: 174). At long last then, proponents of quantitative concepts of freedom inform us, in one such universe there would simply be no room or realm for qualitative notions of freedom. Notice, though, what happens here: First one establishes a priori that freedom has to be thought of in purely quantitative terms of maximized options, then one needs a strictly materialistic worldview to go along with this notion so as finally to conclude that qualitative criteria must be avoided as they jar with said materialistic universe; a vicious circle indeed.

The *theoretical defaults* of this reductionist version of freedom translate fast into *practical defects*. On such a view, persons can maximize their own range of options only by jealously fending off the influence and co-determination of other human beings: freedom is identified with independence and non-interference (Rothbard 1998). The smaller, hence, the role of social considerations and constraints in the shaping of individual liberties, the better. Calls for responsible regulation being perceived as threats to the sovereignty of this sublime kingdom, one will always seek to avoid any and all limits of private choice. Not incidentally, defenders of quantitative models often energetically celebrate ‘minimal state’ conceptions (Narveson 1988). As they aim to maximize extant options rather than potential chances, they, moreover, privilege the freedoms of physical movement and enforceable property rights over normative claims to liberation and counterfactual entitlements (Cohen 1995).

The reason for these conservative, if not reactionary proclivities is that theory of quantitative freedom is orientated around the model of a rational exchange. Setting out from conceptualizing the interests of others as a *negation* (*qua* limitation) of one’s own interests, rational

maximizers will naturally grant their rights only insofar as they receive something equal in return. As with negative obligations, so also with positive commitments: One supports others when and only insofar as they can be obliged to give support of an equal quantitative value; otherwise it would be more rational to withhold cooperation. Quantitative freedom theories thus function by way of the old Roman law of commerce, *do ut des*, i.e. according to hypothetical, not categorical justifications; conditionally, not unconditionally motivated (Dierksmeier 2016a).

Where symmetrical reciprocity fails to take place, the question cannot be answered: Why commit oneself to legal limits and/or social assistance at all? From individuals positioned so far away in either time or space that they can neither be useful nor harmful to the quantitative liberty maximizers, we cannot expect a good bargain. Questions of global and intergenerational justice have correspondingly been absent from most discussions of quantitative freedom (Sauvé 1995). The idea of freedom thus shrivels to a possessive individualism of rather parochial dimensions.

As a consequence, even among proponents of theories broadly classifiable as quantitative, there has in recent years arisen strong resistance to the “libertarian thesis that only coercion undermines voluntariness” (Olsaretti 2004: 149). The old Latin adage of *volenti non fit injuria* (‘no wrong can be done to a consenting party’), central to the doctrine of a contractual pursuit of self-interested option maximization (Nozick 1975: 262ff.), finds backing nowadays only where no asymmetries of power exist to distort the interests of the weaker side. True economic freedom, already in purely contractual terms, let alone in any higher sense, requires “the absence of domination, not just the absence of interference.” Otherwise, “appalling contractual arrangements” may result which we, in the name of freedom, will be obliged to oppose (Pettit 1997: 65 f.). Starting with the long overdue recognition that dire need can indeed compel, critical reflections on the nature of economic freedom have now become commonplace which contend that “no one may so acquire goods that others suffer severe loss of liberty as a result.” And one must ask: “How is libertarian capitalism libertarian if it erodes the liberty of a large class of people?” (Cohen 1995: 37).

Welcome as such moral posturing for solidarity is *substantially*, it clashes *methodologically*, however, with the ‘value-free’ nature of quantification, that is, with its emphasis on the physical expansion of existing freedoms and its aversion to the counterfactual. The turn from descriptive to also prescriptive endeavors forces the inclusion of qualitative evaluations. That is to say, where the *nature* and not only the *number* of our options is concerned, one has already left the purely quantitative domain.

This objection also extends to the nowadays fashionable *libertarian paternalism*. Persons left to their own devices, libertarian paternalists argue, make too many decisions running counter to their own long-term interest; the latter being inferred from the *homo economicus* model (Thaler and Sunstein 2003; Sunstein and Thaler 2003). According to this reductionist *qua* instrumentalist notion of rationality, we have to discern between the ‘true’ or ‘rational’ interests of human life and other, ‘irrational’ desires, which, consequently, ought not to be promoted. By ‘nudging,’ libertarian paternalists are thus claiming superior access to individuals’ interests than the concerned individuals themselves.

But let us be clear: Even though couched in a language of self-interest maximization, quantitative algorithms no longer carry the argument here. Instead, they are surreptitiously replaced by qualitative definitions of more and less ‘rational’ forms of freedom. That is to say, the libertarian paternalist supposes a ‘default position’ in the freedom debate which itself is implicitly based on a certain theory of value (uncritically giving axiological status to the



rational pursuit of self-interest), which, in turn, often goes against what people factually choose on their own accord.

What follows? Since, as we have seen, the essence of freedom cannot be captured from a value-neutral standpoint, our conception of freedom must go beyond sheer quantities and “overall amounts.” (Miller 1983) Without addressing value questions we simply cannot establish which options deserve priority, which rights we ought to defend, or which responsibilities we are entitled to expect of others in the name of liberty (Kristjánsson 1996). For this very reason, eventually even quantitative visions of freedom must and always do incorporate some qualitative measures. Yet severe problems arise when these measures are overlooked or hidden, which is why it is imperative to make them explicit: in and through a theory of qualitative freedom.

## Qualitative Freedom

The simplified quantitative equation – more independence equals more freedom – lacks attention to the substantive question whose autonomy is actually promoted by a certain absence of constraint (Christman 1991). Some social policies might limit individual options but, by applying equally to all, help us maintain open societies as a whole (Mills 1998). In order to enjoy the fullest bounty of freedom, we need to see that certain strictures liberate, certain values emancipate, and certain laws set us free. Qualitative theories of freedom hence follow the maxim ‘the better, the more,’ declaring we should foster foremost such options which are most fundamental to us (Dierksmeier 2016a). The more essential a particular freedom is, the more we should defend it. Since, for example, the cause of freedom may at times even be served by reducing the total number of available options, quantitative measures can only follow but must never precede these prior qualitative distinctions.

Although, to repeat, the importance of qualitative evaluations of freedom is being more frequently admitted these days (Young 1986), it does not suffice to treat them as a mere addendum to quantitative theories. Nor can one assure a sufficient qualitative diversity merely through providing a vast quantity of options (Nelson 2005). Multiplicity neither equates to, nor necessitates diversity. Diversity, instead, signifies a variety of options which differ in respects that matter (Dworkin 1988). Attesting the attribute of ‘diversity’ to a set of options means the asserting of qualitative distinctions between them. This is why qualitatively oriented freedom theories typically aim to establish a normative ranking by strengthening options that meet certain criteria, such as human dignity, rationality, reciprocity, universalizability, and autonomy.

Where quantitative theories purport to offer *cardinal* measurements on a *single* utility scale, qualitative approaches operate more humbly and aim only for *ordinal* rankings of *diverse*, often irreducible and incommensurable goods. The freedom to express a certain opinion, for example, may qualitatively be taken as more fundamental than the freedom to drive on a certain side of the road, without any need or capacity quantitatively to measure *how much* more important exactly the former is. Rather, as these matters cannot be decided by way of mathematical deductions, they need to be settled through social processes of judgment; they need democratic, not technocratic solutions (Sen 2002).

These philosophical differentiations make for important socio-political differences. While, in the broad context of a free market economy, quantitative theories of freedom have an inbuilt tendency to endorse a continual increase in the number of private options, qualitative approaches allow for more differentiated judgments of economic affairs. They are investigating

the nature of extant options by examining whether the consent of the parties had been manufactured by necessity or undue manipulation (Arneson 2009), or whether certain seemingly voluntary transactions do not in fact undermine human autonomy, or other core principles of human autonomy (Nussbaum 2011: 35). So, whereas quantitative theorists tend to regard the unfettered free market as a paradise of economic freedom as it allows for a maximum of compatible voluntary exchanges (Thrasher 2014), qualitative freedom theory also pays attention to the impact on everyone's capabilities that laissez-faire policies have, reminding us that an augmentation in options can have negative externalities that might offset what autonomy might be gained by the increase in options.

A balance between freedoms rather than any proliferation of purely economic options or attainment of growth objectives is pursued: a balance, on one hand, between economic, political and cultural freedoms but also, on the other hand, between different forms of economic freedom including those encompassing long-term objectives of sustainability and intergenerational justice (MacGilvray 2011). Proponents of qualitative models aspire to a free competition between different forms of freedom in the political forum of public debate. They thus reassert the priority of politics over the economy and of ethics over politics, quite in line with the views prevalent in economic philosophy from Aristotle through the theology of the Middle Ages and down to Adam Smith (Dierksmeier 2016b).

Qualitative freedom theory, moreover, goes beyond the *conditional* reciprocity of social contract theories or game theories in embracing an *unconditional* moral point of view: It confers on us a duty to establish and protect the liberty even of those, such as citizens of distant lands or future generations, from whom we can derive no direct benefits (Barry 1989). For, according to the qualitative logic, society is more than a minimalist contract to ensure property and basic rights; it is a compact geared towards the participation and self-realization of all. Qualitative conceptions do not embrace the fantasy of a lonely but limitless freedom. A toddler exposed to a desert would certainly face no social restraints – and yet quickly lose his or her most essential freedom: the freedom to survive. It is through others – through their support and assistance as well as thanks to their nurture, tutoring, and corrective feedback – that human beings over time gain the ability to live autonomously. From a qualitative perspective, freedom appears less a product of nature than a cultural construct.

Since individual liberty can only be realized within proper social bounds, catering to these bounds and thus to the freedom of all is part and parcel of a liberal existence (Tinder 2007). This is why a qualitative theory of freedom does not only protect the individual against undue external interference but also sees each person as co-responsible for the realization of the freedoms of all. Through the lens of qualitative freedom, we realize that bonds of self-obligation do not negate the liberties they limit. Liberty, qualitatively interpreted, realizes itself downright through ethical commitments. As a consequence, where a quantitative conception of liberty views freedom and responsibility at opposite ends of a one-dimensional spectrum such that a gain in the one must translate into a loss of the other (more responsibility = less options, and vice versa), the qualitative perspective is not so constrained. Rather, with it, we can now conceptualize *theoretically as possible* what we experience as *practically real*, i.e. the fact that more often than not the assumption of responsibility increases one's freedoms.

Freedom, qualitatively understood, requires not only the *absence of infringements*, but also the *presence of certain conditions* that only an intact society can establish. Freedom, in short, cannot be had in the absence of politics and policies, culture and civilization. To give but one example, extreme inequality inhibits the capabilities of many in undue service to a few. This can scarcely be squared with a vision of freedom premised on the idea of a society in which each



citizen contributes to ensure that all can live in dignity (Parijs 1995). Hence an economics of qualitative freedom demands equitable access to the overall conditions for an autonomous life.

Sociality, on this qualitative view, is not generated by the material contingencies of existence alone. Not only material needs and the desire to attain legal security are drivers for social interaction. Sociality also gives expression to the pursuit of freely chosen goals in cooperation as well as collaboration with others. Instead of contractarian or game-theoretical approaches that reduce all interpersonal ties to the logic of naked self-seeking, an economics based on a qualitative approach to freedom incorporates human needs for cultural exchange, symbolic communication, spiritual contemplation, and moral connection. It shows that and how individual freedom can be complemented via collective action (Dahrendorf 2008). An open, free society wants to provide everyone the chance to participate actively in socio-economic life. Society can, however, only trust in the power of the individual when the individual can trust in the availability of a social safety net (Pettit 1997: 66, 110, 273).

To repeat, the basis for the qualitative justification of liberties is not the factual or hypothetical contract of quantitative self-interest maximizers but a moral and possibly counterfactual claim. On this view, we ascribe to people the entitlement to freedom not on the condition that they contribute this or that to society, but unconditionally. Our rights to freedom then do not ground in the *particularity* of our existence (gender, ethnicity, class, etc.) but in our *personality*. And since the corresponding rights are owed to us *as persons*, so we owe them to *each and every person*. By thus linking individual freedom to universal freedom, qualitative freedom theory reframes responsibility for others as an *inner* manifestation of the idea of freedom itself rather than as an *external* barrier to individual self-realization: a potential qualitative *bonum* rather than an automatic quantitative *minus* in liberty (Dierksmeier 2016a).

Freedom on this account is not some private or local or even national matter, but by its conceptual nature a global one. Differences of race, gender and religion are as irrelevant in this universal polity as spatio-temporal distances between individuals and communities. Denizens of foreign lands as well as future citizens have the same right to access the conditions of a free life as those with whom we are engaged in direct exchange. A meaningful conception of freedom hence not merely imposes symmetrical and negative duties such as the one to refrain from harming others or impinging on their autonomy. Rather it commands positively to assume an asymmetrical obligation to ensure each and every world citizen access to freedom, including those far away and unborn. A cosmopolitan and intergenerational perspective appears thus to be the natural extension of a qualitative approach to freedom: engagement on behalf of the freedom of others, even those distant in time and space, is the normative correlate of the legitimacy of our very own claim to liberty (Dierksmeier 2016a).

## Implications for Humanistic Economics

The consequences of this qualitative approach to freedom are nothing short of a paradigm change within economics. For the last 200 years, Western economists have rather favored quantitative models of economic liberty as these agreed better with the mechanistic paradigm of economics centered on the *homo economicus*-model (Dierksmeier 2011). Axioms that cast humans as rational maximizers of options proved simply more amenable to mathematical treatment and meshed well with the mechanistic anthropology at the center of neoclassical economics. Moreover, the *conventional* wisdom promoted *convenient virtues* (Galbraith 2006). If indeed human beings were so wired that in open markets they would each transact

so as to realize their respective preferences optimally, then, surely, their freedom would be served best by policies of deregulation. Consistent with this mental model, such policies were termed as ones of ‘liberalization.’

As communitarian and feminist critics long since highlighted, though, this approach does not in fact always promote the autonomy of all. On such a model, ordinary acts of altruism and benevolence risk being viewed as irrational and even actively harmful (Hill and Cohen 1999), with all those who cannot or chose not to obey the imperative to maximize self-interest ending up with fewer material resources at hand (Chan 2007). Apologists for rational self-maximization and narrowly quantitative conceptions of freedom are typically reframing such outcomes as the fair results of a meritocratic order. By no means, however, is the manifestation of a self-centered personality automatic or natural. Rather, it is the consequence of thwarting the socio-cultural conditions embodying alternative values. The practical economic *status quo* thus undermines the liberty to live out alternative worldviews through, say, participation in non-transactional and non-reciprocal relationships. And adding insult to injury, the theoretical *status quo* in economics stigmatized such people who do not seek freedom in independence but in dependent or interdependent relations as succumbing to a kind of cognitive and/or moral failure (Eisler and Loye 1983). Thus does conceiving of economic life in terms of quantitative freedom and a maximizing rationality create a dismal world in its own image.

As the sphere of freedom encompasses, however, both first- and second-order preferences, the socio-cultural conditions which generate our varied capacities for self-criticism and self-control, and thereby shape our preferences, must also be scrutinized (Dworkin 1988). A *humanistic* economics would thus be one to incorporate all disciplines which inform us about human life; not only the social sciences, that is, but notably also the humanities. The rich and real *conditio humana*, and not the reductionist fiction of the *homo economicus*, ought to orient economic theories (Dierksmeier 2016b).

Normativity must become part and parcel of economic theory simply because of its factuality in economic practice. Conventional economics, in other words, proves not realistic enough because, in its anthropology, it is not idealistic enough. The belief that pure egoism governs the economic world is, empirically, just as untenable as the converse presumption that human beings act only from altruism. Whoever rejects the latter view of things as “high-minded sentimentality,” must also disown the former as a mirror-inverted “low-minded sentimentality” (Sen 2002: 26).

That a theory of freedom that lists cosmopolitan responsibilities for the liberties it defends, should have a notable impact on economic theory and practice is clear. With the qualitative prioritization of freedoms which meet criteria such as reciprocity and universalizability over a value-free lumping of any and all liberties into but one class of options, comes an important shift in the burden of proof. No longer then does it lie on those who fend on behalf of social, moral, and ecological sustainability of our economic freedoms but rather it falls squarely on those who (mis-)understand liberty as license, using their individual liberties without regard for the freedoms of all.

The cosmopolitan scope of qualitative freedom theory entails also a different methodological – *mechanistic* versus *humanistic* – approach. As we have seen, in a quantitative conception of freedom, numeration experts will answer the question which path a free society must take as if dealing with different vector forces in mechanics. The quantitative logic does not, therefore, facilitate the distinction between the structural *idea* of freedom and the material *concepts* by which it is applied; it must assess different sets of options forever after the simple calculus of  $(n + 1) > n$ . Consequently, quantitative freedom theories typically opt for a technocratic one-

size-fits-all model where questions of economic policy are decided by numeration experts prescribing to the entire world a selfsame path to economic development.

Instead, for qualitatively liberal conceptions the distinction between the idea of qualitative freedom and the many conceptual forms it may take in the real world is paramount. In other words, the mere fact *that* the content of freedom - the general *idea* of qualitative freedom - must be qualitatively defined does not yet determine *what* specifically ought to be demanded in the name of freedom (i.e. the particular *concepts* of freedom). Depending on our overall worldview, for instance, we may regard certain social or ecological constraints either as meaningful bonds (Dahrendorf 2008) or as intolerable impediments to our economic self-realization. On these questions, there are no a priori answers, especially because they entail counterfactual and normative considerations regarding the opportunity costs of the *status quo* – especially for the marginalized. Since qualitative judgments are subjective, they require personal involvement. Qualitative freedom thus has to opt for a participatory selection of economic goals and parameters. Human problems require humanistic methods.

As with the economy, so with economics. If the former shall service the practical autonomy of the people, the latter must not be a realm of theoretical heteronomy. People's real values and interests should guide economic research and not vice versa. Instead of molding people's minds according to mechanistic mental models, *participation* is what the idea of qualitative freedom demands, i.e. democratizing the value selections which guide our economic inquires. In brief, economic freedom in practice can only be had if we allow an economics of freedom – a pluralistic economic – in the realm of theory (Sen 2002). Once it internally reflects the diversity of human norms and values, economics will become humanistic.

## Implications for Humanistic Management

Until recently, the *haute couture* of management theories was modeled for the narrow catwalk of a strictly quantitative as well as materialistic conception of incentives. The academic guild fashioned tight corsets of compliance management, constricting the gait of their wearers to extremely contracted conceptions of corporate social responsibility. No wonder that managers and employees, principals as well as agents, forever tried to rid themselves of these *homo economicus*-straitjackets. The problems of the paradigm of quantitative maximization reach, however, far beyond the boardroom.

Management theories praising self-interest and the quantitative maximization of individual options also have stark deleterious effects on the moral fiber, character and judgment of business students (see Elegido 2009). Far more so than students from other disciplines, business students are inclined to free-ride, cheat on tests and exams, but are much less willing to share. In their later careers, these qualities become evident in opportunistic, regulation-violating behavior, a tendency to circumvent safety and health measures and a willingness to either accept or invoke bribes for the purposes of procuring given preferences, and to fire employees. Conversely, they are less willing to invest in public goods or to engage in philanthropic behavior (*ibid.*). At the same time, they are less inclined to consider morals as determinants for financial success and express tendencies and affinities for materialistic and hedonistic ambitions (Hühn 2014). The sad irony about this state of affairs is that this outcome is in direct contrast to the intentions of management scholars who, in their majority, would want to parse to their students a sound sense of cosmopolitan responsibility (Moosmayer 2013).

Signs of changing trends abound lately. Increasingly, the tailors of management fashion are experimenting whether not more loosely woven threads might make for a more flexible fabric, better apt for novel patterns and qualitative criteria. As a result, richer and broader measures of corporate success are now increasingly coming *en vogue*. From the overused slogan ‘people, planet, profit’ and its ‘triple bottom line’ to many alternative ways of dressing up the staid idea of a ‘shared value’-creation in novel costumes, the twenty-first-century business world seems to return to viewing unsolved social problems as business opportunities (Leisinger 2007). Both clients and the general public increasingly expect from the business community to engage in a ‘race to the top’ in terms of ever more morally and environmentally sustainable practices (Princen 2004). And a humanistic management theory which places real human beings at the center could further aid these developments.

The theory of qualitative freedom explains why moral practices can boost firms’ productivity. When all and sundry of a firm’s stakeholders factor in its strategies not as fictional *homines oeconomici* trying to maximize their options but, according to the real *conditio humana*, as people pursuing *better* rather than *countless* freedoms, it becomes immediately apparent how a corporation’s respect for their values and sustainability concerns can help lower a firm’s conflict and reputation costs. Moreover, value-oriented corporations benefit from improved strategic heuristics. A willingness for honest dialogue with stakeholders implies that one does not simply track a quantitative anthropological model presuming predetermined preferences whose pursuit might be anticipated mathematically. Rather, including stakeholders in the formulation of corporate strategy is emblematic of a qualitative and participatory conception of freedom aiming to let those have an effect on corporate decisions, who are affected by them. Prodded by a cosmopolitan conception of responsible corporate freedom, firms gain from liberating stakeholders and staff to engage in participatory forms of governance in terms of user-driven and stakeholder-inspired strategy innovation.

People pursue, after all, moral outcomes not only when they benefit from them but at times also at their own cost; a highly irrational behavior according to rational-agent theorems. Both social entrepreneurs (Habisch 2011; Elkington and Hartigan 2008) and social intrapreneurs (Venn and Berg 2013; Baets and Oldenboom 2009), for instance, rely heavily in their business models on the human decency, generosity, and even sacrifice of their stakeholders. The tragedy, however, is that such practices are hitherto rather hindered, rather than helped by academe. Practitioners struggle against mental models established by conventional economists – such as *principal/agent-theory* (Jensen and Meckling 1976) – according to which no individual (whether client, colleague or stakeholder) can ever be expected to advance moral outcomes except when they are in his or her direct financial interest.

Reality, though, proves possibility. The anthropology of neoclassical economics, therefore, which does not take the possibility of unconditional commitments seriously, is but an ideology, not neutral science. What we need instead is, consequently, a management theory as sensitive to human *virtues* such as justice and generosity as the conventional economic wisdom has been to *vices* such as selfishness and greed. This is to be hoped for also in strictly economic terms, as, due to its absence, many ethical and financial win/win-potentials are overlooked. As obvious as the power of traditional moral codes and social customs might seem to the layperson, many professionally trained economists and management specialists still struggle to come to terms with ethics as a productivity factor. The most poignant criticism of the quantitative maximization axioms of yesterday’s economics is therefore not that it does nothing to enhance the ethics of economic actors but rather that it even tends to undermine the morals people already hold (Hühn 2014).

The quantitative conceptions of freedom championed most famously by the Chicago School of Economics must, therefore, give way to a qualitative freedom theory in which economic actors are empowered and not encumbered by their responsibilities (Dierksmeier 2016b). Part and parcel of one any such theory is a paraphrasing of the ubiquitous adage that business ought to be part of the solution rather than part of the problem: In the name of its own freedom management is charged with helping to bring about the level playing field firms need in order that their competition establish virtuous rather than vicious spirals. Corporations do not get to use the global market place and at the same time to choose whether they want to be global corporate citizens or not. In employing and claiming their economic liberties they endorse implicitly the conditions which enable these freedoms, i.e. they are underwriting a compact too many still renounce explicitly, though: namely, that it is as much their obligation as anyone's that each and all global citizens have access to such freedoms. The responsibilities of *corporate citizenship* and the firms' *license to operate* are inextricably linked; you cannot have one without the other.

In sum, in the age of globality, management scholarship requires methodological cosmopolitanism. As much as this perspective requires for its foundation a universalist conception of freedom, this theory itself must not fall into the "one-size-fits-all"-trap of yesteryear. In order to reconcile unity with diversity, liberal procedures of representation and participation are to be its qualitative hallmark, not the quantitative dogma of private option maximization. Moreover, freedom must be conceived as an indivisible idea, which, if it is to be valid to all, must be granted to everyone. Our challenge is to define this freedom so as to make people excited rather than exhausted by their global responsibilities. Once contemporary economics and management theory stops toying with the mirage of quantitatively unlimited possibilities open only to the possessing few, and credibly declares for the real freedom of all, we can successfully depart from the bygone *mechanistic* paradigm of management toward a genuinely *humanistic* theory of economics and management.<sup>1</sup>

**Acknowledgements** I would like to thank Joscha Krug for important last-minute help with the bibliography and format.

## References

- Appiah, Kwame A. 2007. *Cosmopolitanism: Ethics in a World of Strangers*. London: Penguin.
- Arneson, Richard J. 2009. Meaningful Work and Market Socialism Revisited. *Analyse und Kritik-Zeitschrift für Sozialwissenschaften* 31 (1): 139–151.
- Baets, Walter R.J., and Ema Oldenboom. 2009. *Rethinking Growth: Social Intrapreneurship for Sustainable Performance*. New York: Palgrave Macmillan.
- Barry, B. M. 1989. *A treatise on social justice*. Berkeley: University of California Press.
- Carter, Ian. 1999. *A Measure of Freedom*. New York: Oxford University Press.
- Carter, Ian, Matthew H. Kramer, and Hillel Steiner. 2007. *Freedom: A Philosophical Anthology*. Malden: Blackwell.
- Chan, Jennifer. 2007. Between Efficiency, Capability and Recognition: Competing Epistemes in Global Governance Reforms. *Comparative Education* 43 (3): 359–376.
- Christman, John. 1991. Liberalism and Individual Positive Freedom. *Ethics* 101 (2): 343–359.
- Cohen, Gerald A. 1995. Self-Ownership, Freedom, and Equality. In *Cambridge*. Paris: Cambridge University Press; Maison des sciences de l'homme.

<sup>1</sup> On the history and theory of 'humanistic management' and for a list of relevant publications, see <http://humanisticmanagement.org/>.

- Dahrendorf, Ralf. 2008. *The Modern Social Conflict: The Politics of Liberty*. New Brunswick: Transaction Publishers.
- Dierksmeier, Claus. 2011. The Freedom–Responsibility Nexus in Management Philosophy and Business Ethics. *Journal of Business Ethics* 101 (2): 263–283.
- Dierksmeier, Claus. 2016a. *Qualitative Freiheit: Selbstbestimmung in weltbürgerlicher Verantwortung*. Bielefeld: Transcript.
- Dierksmeier, Claus. 2016b. *Reframing Economic Ethics. The Philosophical Foundations of Humanistic Management*. New York: Palgrave-Macmillan.
- Dierksmeier, Claus, and Michael Pirson. 2010. The Modern Corporation and the Idea of Freedom. *Philosophy of Management* 9 (3): 5–25.
- Dierksmeier, Claus, Wolfgang Amann, Ernst von Kimakowitz, Heiko Spitzbeck, and Michael Pirson. 2011. Humanistic Ethics in the Age of Globality. In *Humanism in Business Series 1*. New York: Palgrave Macmillan.
- Dworkin, Ronald. 1977. *Taking Rights Seriously*. London: Duckworth.
- Dworkin, Gerald. 1988. *The Theory and Practice of Autonomy*. Cambridge: Cambridge University Press.
- Eisler, Riane, and David Loye. 1983. The "Failure" of Liberalism: A Reassessment of Ideology from a New Feminine-Masculine Perspective. *Political Psychology* 4 (2): 375–391.
- Elegido, Juan. 2009. Business Education and Erosion of Character. *African Journal of Business Ethics* 4: 16–24.
- Elkington, John, and Pamela Hartigan. 2008. *The Power of Unreasonable People: How Social Entrepreneurs Create Markets That Change the World*. Boston: Harvard Business School Press.
- Feinberg, Joel. 1992. *Freedom and Fulfillment: Philosophical Essays*. Princeton: Princeton University Press.
- Friedman, Milton, and Rose D. Friedman. 1990. *Free to Choose: A Personal Statement*. San Diego: Harcourt Brace Jovanovich.
- Galbraith, John Kenneth. 2006. *The Economics of Innocent Fraud*. Boston: Houghton Mifflin.
- Habisch, André. 2011. Gesellschaftliches Unternehmertum – Blinder Fleck Wirtschafts- Und Sozialwissenschaftlicher Gemeinwohltheorien. In *Social Entrepreneurship – Social Business: Für die Gesellschaft unternehmen*, ed. Helga Hackenberg and Stefan Empter, 49–66. Wiesbaden: VS Verlag für Sozialwissenschaften.
- Hill, Lisa, and Elliot D. Cohen. 1999. Homo Economicus, Different Voices, and the Liberal Psyche. *International Journal of Applied Philosophy* 13 (1): 21–46.
- Hühn, M.P. 2014. You Reap What You Sow: How MBA Programs Undermine Ethics. *Journal of Business Ethics* 121 (4): 527–541.
- Jensen, Michael C., and William H. Meckling. 1976. Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure. *Journal of Financial Economics* 3 (4): 305–360.
- Kristjánsson, Kristján. 1996. *Social Freedom: The Responsibility View*. Cambridge: Cambridge University Press.
- Kymlicka, Will. 1989. *Liberalism, Community and Culture*. Oxford: Clarendon.
- Leisinger, Klaus M. 2007. Capitalism with a Human Face. *Journal of Corporate Citizenship* 2007 (28): 113–132.
- MacGilvray, Eric. 2011. *The Invention of Market Freedom*. Cambridge: Cambridge University Press.
- Miller, David. 1983. Constraints on Freedom. *Ethics* 94 (1): 66–86.
- Mills, Claudia. 1998. Choice and Circumstance. *Ethics* 109 (1): 154–165.
- Moosmayer, Dirk C. 2013. Die Intention betriebswirtschaftlicher Hochschullehrer zur Beeinflussung von Werten: Konzeptionelle Entwicklung und globale empirische Überprüfung (Markt und Konsum). Unspecified.
- Narveson, Jan. 1988. *The Libertarian Idea*. Philadelphia: Temple University Press.
- Nelson, Eric. 2005. Liberty: One Concept Too Many? *Political Theory* 33 (1): 58–78.
- Nozick, Robert. 1975. *Anarchy, State, and Utopia*. Oxford: Blackwell.
- Nussbaum, Martha C. 2011. *Creating Capabilities: The Human Development Approach*. Cambridge: Belknap Press of Harvard University Press.
- Olsaretti, Serena. 2004. *Liberty, Desert and the Market: A Philosophical Study*. Cambridge: Cambridge University Press.
- Parijs, Philippe van. 1995. *Real Freedom for All : What (If Anything) Can Justify Capitalism?* Oxford; New York: Clarendon Press; Oxford University Press.
- Pettit, Philip. 1997. *Republicanism: A Theory of Freedom and Government*. Oxford; New York: Clarendon Press; Oxford University Press.
- Princen, Sebastiaan. 2004. Trading up in the Transatlantic Relationship. *Journal of Public Policy* 24 (1): 127–144.
- Rothbard, Murray N. 1998. *The Ethics of Liberty*. New York: New York University Press.
- Sauvé, Kevin. 1995. Gauthier, Property Rights, and Future Generations. *Canadian Journal of Philosophy* 25 (2): 163–176.
- Sen, Amartya. 2002. *Rationality and Freedom*. New Delhi: Oxford University Press.
- Sunstein, Cass R., and Richard H. Thaler. 2003. Libertarian Paternalism Is Not an Oxymoron. *The University of Chicago Law Review* 70 (4): 1159–1202.



- Taylor, Charles. 1985. What's Wrong with Negative Liberty? In *Charles Taylor*, ed. Philosophical Papers, 211–229. Cambridge: Cambridge University Press.
- Thaler, Richard H., and Cass R. Sunstein. 2003. Libertarian Paternalism. *The American Economic Review* 93 (2): 175–179.
- Thrasher, John. 2014. John Tomasi: Free Market Fairness. *Public Choice* 159 (1–2): 309–311.
- Tinder, Glenn E. 2007. *Liberty: Rethinking an Imperiled Ideal*. Grand Rapids: William B. Eerdmans Pub.
- Venn, Ronald, and Nicola Berg. 2013. Building competitive advantage through social intrapreneurship. *South Asian Journal of Global Business Research* 2 (1): 104–127.
- Young, Robert. 1986. *Personal Autonomy: Beyond Negative and Positive Liberty*. London: St. Martin's Press.