

Humanistic Perspectives on International Business and Management

Edited by
Nathaniel C. Lupton and Michael Pirson



Humanistic Perspectives on International Business and Management

Humanism in Business Series

The Humanistic Management Network is an international, interdisciplinary, and independent network that promotes the development of an economic system with respect for human dignity and well-being.

The Humanistic Management Network defends human dignity in face of its vulnerability. The dignity of the human being lies in its capacity to define autonomously the purpose of its existence. Since human autonomy realizes itself through social cooperation, economic relations and business activities can either foster or obstruct human life and well-being. Against the widespread objectification of human subjects into human resources, against the common instrumentalization of human beings into human capital and a mere means for profit, we uphold humanity as the ultimate end and principle of all economic activity.

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As teachers, we strive to educate, emancipate and enable students to contribute actively to a life-conducive economy in which human dignity is universally respected.

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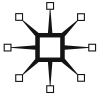
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Introduction: International Business and International Management in an Era of Globality

Nathaniel C. Lupton and Michael Pirson

The world is witnessing a number of severe crises including climate change, rise of international terrorism, social inequities, food shortage, material and spiritual poverty (Hart, 2005; Prahalad, 2005; Senge, 2010). Some argue that globalization has exacerbated these crises (Beck, Sznaider, & Winter, 2003; Inda & Rosaldo, 2008), while others argue globalization can be part of the solution (Pralhad, 2005; Rangan, 2007). Globalization, understood as the cross-border integration of markets for products, labor, capital and knowledge (Ghemawat, 2003), clearly is a force that has the potential to change the experience of human existence as well as its consequences for current and future ecosystems. These changes are driven by the increasing interconnectedness of financial systems, international trade, increased labor mobility, information and communications technology, and foreign direct investment.

Some scholars argue that we have moved beyond the age of globalization toward an age of globality (Carver & Bartelson, 2010; Dierksmeier, Amann, Kimakowitz, Spitzeck, & Pirson, 2011). In such an age, individual actions, local business practices and national politics all have global impact (Carver & Bartelson, 2010); it thus matters on more than one level how we think about business in a global community. In this volume, we wish to provide space to global perspectives on how we can rethink and reposition international business and management practice to be a part of the solution to our global problems. More importantly we hope that these contributions provide impetus for further research, practice and pedagogy development.

Challenges to mainstream perspective

Has international business scholarship evolved in the face of globalization and globality and if so how? The field is expectedly varied, but to anyone sufficiently immersed in its discourse, international business and management scholarship appears to promote, or at least assumes, the inevitability of homogenization of management practice and other forms of knowledge,

consumption and perhaps even ideology (Jack & Westwood, 2006; Westwood & Jack, 2007).

The sharpest critique comes from postcolonial scholars who decry not only a lack of reflexivity in international business and management scholarship, but perhaps also an active resistance to acknowledging its underlying assumptions, ontology and epistemology (e.g., Jack, Calás, Nkomo and Peltonen, 2008). Critical theorists opine that international business scholarship remains mired in colonial discourse. A critical examination of the underlying assumptions of international business theory reveals a tendency to assert the material and epistemological subjugation of stakeholders whose voices remain silent, or are actively silenced (Westwood, 2006). Mir, Banerjee and Mir (2008), for example, reveal the hegemonic characteristics of knowledge transfer within multinational corporations. Somewhat surprisingly, foreign cultures and their “distance” from western culture are typically treated as obstacles to be overcome, rather than providing opportunities for enlightenment (Shenkar, Luo and Yeheskel, 2008).

Scholars outside the normal discourse of international business have thus expressed concerns that the field has become oppressively dominated by the profit maximization imperative and perceived superiority of Western-based management thought. Several questions arise from this state of affairs. First, and perhaps most fundamental, is whose interests does international business and management serve, and how can it be made more appealing to a wider audience? Secondly, how can scholars outside the currently dominant discourse be heard, and thus contribute to achieving the broader promises of inclusive international business and management scholarship and practice? Thirdly, how can international business and management be put to the service of the world such as poverty and environmental degradation; can such concerns be legitimized within the broader discourse?

While it may sound trivial, humans of the many nations, and/or classifications, self-imposed or otherwise, share a planet from which they derive bodily sustenance, comfort, and contribution to social and spiritual development. Looking beyond daily concerns then, we realize that our fate is ultimately shared and collective. Managerial thought, at least as presented in most scholarly journals, is blind to such concerns as it remains adamantly constrained within microcosms, unresponsive and agnostic toward its higher order influences. It does not make sense, however, for the disciplines of international business and management to take a myopic view of the world (Özkazanç-Pan, 2008), especially when that view reiterates and reinforces a singular, insular view of management practice. Intellectual rigor demands that it should not be a foregone conclusion that e.g. the West will lead and manage the world, the world’s resources do not inherently belong to Western countries, and the rest of the world and its knowledge, beliefs, interests and customs are not inarguably inferior. To begin a discussion on these and related topics, this volume brings together authors whose

interests, and in many cases locations, span the globe. Starting from this philosophical vantage point, the many contributors to this volume expand upon the challenges and opportunities resulting from a more humanistic perspective on international business and management. They bring voices to underrepresented populations, issues, interests and concerns linked to the globalization, as they endeavor to bring legitimacy to these topics within the fields of international business and management.

Emergence of an alternative perspective

The manifold crises humanity is facing require quite possibly a different framework, a different paradigm for business in general and for international business in particular (Spitzeck, Pirson, Amann, Khan, & Kimakowitz, 2009). The humanistic perspective presented here holds that human dignity is accorded to everyone unconditionally and manifests itself in human rights as well as human responsibilities (Dierksmeier, 2011; Meyer & Parent, 1992). A perspective of humanistic management holds that the purpose of organizing extends beyond the creation of wealth for a selected few, but the enabling conditions for human flourishing in a shared fashion (Mele, 2003; Pirson & Lawrence, 2010). How would international business need to be rethought if it indeed were to subscribe to the notion of protecting human dignity of everyone and was aimed at promoting human flourishing instead of mere wealth accumulation? The purpose of this volume is therefore to start new and reinforce existing conversations on international business and management, with a heightened focus on human dignity, well-being and flourishing as the overarching imperative. The volume spans three areas within the sphere of influence of international business and management – philosophy, practice and pedagogy. We intend, and sincerely hope, that the included chapters represent the vanguard of a more inclusive and humanistic direction for international business and management, and that will inspire scholars to invigorate their conceptualization, research and teaching of international business and management, motivated by the pursuit of positive humanistic outcomes.

Overview of contributions

This volume comprises eighteen chapters from thirty-four authors spanning the globe. We have organized the volume into three parts – conceptual, business practice and policy, and pedagogical – to broadly represent the three areas in which international business and management scholars exert influence.

Conceptual perspectives

The conceptual part of the volume opens with critiques of, and alternatives to, dominant perspectives on international business and management,

beginning with Thomas Calvard's and James Hine's exposition of the tension between mainstream and humanistic management discourse in the context of globalization. Their chapter serves as an excellent introduction to the issues which our original call sought to provide alternatives to. These include, as stated by the authors, "a significant sense of alienation from those accumulating wealth, shifting divisions of world power, informal economic or black market participation and a thirst for more humanistic solutions to global crises," amongst others. The authors go on to examine how the dominant economic discourse of globalization influences the actions and attitudes of stakeholders, and call for a more inclusive humanistic approach. The goal is to move the discourse away from its current focus on shareholder wealth and "towards something more ethically and socially palatable."

Following this, Ozan Alakavuklar follows with a similar critique of international business and management, this time combining the humanistic management perspective with postcolonial discourse. He calls into question the universalizing tendencies of (mostly) U.S.-originated international business and management thought and explores the potential of the humanistic alternative. Dr. Alakavuklar concludes that integrating the political and ethical agenda of postcolonial discourse will provide humanistic management with a stronger theoretical basis for achieving its objectives of promoting human dignity and well-being in international management and business scholarship and practice.

Kent Rondeau next examines the global migration of nurses from Sub-Saharan Africa, a place where they are desperately needed, to western nations where their services are also in high demand. His exposition examines the nursing challenges of Sub-Saharan Africa from the perspective of human capital development theory and neocolonialism. Dr. Rondeau demonstrates how these perspectives are useful in assessing factors associated with decisions to emigrate, explaining patterns of migration from colonized to colonizing countries and the experiences of racism by nurses in western industrialized democracies.

Paul Donnelly and Banu Özkazanç-Pan provide an alternative to the dominant discourse in international development and aid programs, through a postcolonial lens. While these programs can, as the authors suggest, provide useful frameworks for promoting economic growth and prosperity, they are also criticized as being overly patriarchal. At the extremes they may even be characterized as imperialist, racist, domineering and interventionist, in short representing the western domination of the world. Dr. Donnelly and Dr. Özkazanç-Pan highlight these substantial concerns and provide alternatives and new directions, derived from postcoloniality.

Following these three paradigm-challenging pieces, Farzad Rafi Khan and Rabia Naguib provide a Ghazalian Sufi perspective on the spiritual renewal and development of international managers as a remedy to a widely

acknowledged epidemic of corporate scandal. Dr. Khan and Dr. Naguib provide a perspective from the humanistic tradition of Islam on how the role of the manager can be rethought. This perspective provides a basis for a much neglected discussion on spiritual and religious influences on managerial actions and their alignment within a global context.

Carlos Rodriguez-Lluesma, Anabella Davila and Marta Elvira follow the theme of global leadership through a humanistic perspective on values-based discourse between global business leaders and local stakeholders. Their chapter proposes that “humanistic leadership in organizations emerges when managers open themselves to ‘the others’ and engage in a value-infused conversation.” This observation is based on three explanations: (1) the perception that individuals are not only members of a society, but also active members of their local community; (2) that managers and subordinates can achieve mutual acceptance of their respective value systems through “value generalization,” and; (3) that the concepts of value identity and identity work explain the self-learning that managers and their subordinates can achieve together.

William Mesa and Kyle Usrey next promote creativity, work and sustainable community as modes of empowering local actors in a globalizing world. Using present-day examples from the developing world – piracy of aboriginal populations’ knowledge of traditional medicines in Australia and the recent Bangladeshi factory fires – Dr. Mesa and Dr. Usrey highlight ethical and unethical modes of meeting and understanding “the Other.” Using pedagogical case narratives, they further expose the tension between humanistic and conventional MNC (multinational corporation) practices that can be used to promote more humanistic management practice (and pedagogy).”

Andrew Creed, Jane Ross and Jack Ross next present a global business decision-making framework based on an original interpretation of the ethics of David Hume. Their development of the “Human Nexus” contributes to providing a contemporary approach to ethical decision-making for global managers, eschewing the abstract for the practical. To achieve this, the authors counterbalance usefulness, agreeableness with self-interest, and selflessness, as well as humans’ connection to ecology. In so doing, they explore how these variables interact with relationship and decision processes often encountered in international business and management.

Nancy Landrum, Carolyn Gardner and David Boje round out the conceptual portion of the volume with a chapter promoting integral theory which they present as a basis for re-envisioning the theory and practice of international business and management. Citing the many critiques of international business and management theory and practice, the authors call for the inclusion of non-economic theories. Reasoning that dominant discourse is unduly influenced by a narrow mindset on how businesses should operate and compete, they offer an alternative approach that promotes more humanistic approaches to international business and management.

Perspectives on practice and policy

The next major part of the volume is comprised of chapters aimed toward re-envisioning and re-enacting international business and management practice, and public policies. This part opens with Marianela Rivera and Ousama Salha's study of management culture and practices within the Gulf region – the Kingdom of Saudi Arabia, Kuwait, the United Arab Emirates, Oman, Bahrain, and Qatar – nations which are similar in culture, religion, language, wealth and political systems. Dr. Rivera and Dr. Salha also discuss the alignment between cultural dimensions in the region and humanistic values such as dignity, social acceptance, and empowerment, as well as the effect of religion and ethics on the workforce.

Mario Vázquez-Maguirre and Consuelo de la Torre next provide a case study on indigenous social enterprises as an approach to sustainable development and poverty alleviation. Using the Ixtlán Group of social enterprises in southern Mexico as exemplars, the authors analyze the mechanisms involved in developing sustainable solutions to poverty and unemployment, thus contributing to sustainable rural development. The authors furthermore stress the importance of reaching international markets to commercialize products to ensure the survival of social enterprises.

Grishma Shah and Anand Pore follow with an examination of Walmart's entry into India as an example of a humanistic approach toward developing foreign direct investment (FDI) policy, keeping the interests of the nation's thousands of independent retailers at the forefront. Pointing to the tremendous competitive pressure that local merchants face foreign competition, Dr. Shah and Dr. Pore deconstruct Indian FDI policy in order to explore the extent to which its provisions protect the values, dignity and well-being of local stakeholders, while promoting strong economic growth of the nation.

Constance Bygrave next examines the crucial role of cross-sector alliances and their effective management in promoting sustainable international development. Citing the many problems faced at home and abroad, such as crime, resource depletion, economic instability, poverty and illiteracy, Dr. Bygrave notes alliances between stakeholders working across sectorial divides can provide viable solutions. Whereas firms doing business internationally are hampered by the social and environment conditions they encounter, NGOs lack the funds to adequately address these challenges. Cooperation between these types of organizations can therefore address these issues, but effective management of cross-sector alliances is notoriously difficult to achieve in practice. To provide a way forward, Dr. Bygrave details state-of-the-art practices in cross sector alliance management.

Grishma Shah and Subhasis Ray round out the practice/policy section with a chapter examining Indian firms and corporate social responsibility. In it, the authors examine how the Indian public sector responds to globalization pressures through promoting socially responsible business policies. Their chapter includes an examination of Indian philosophical

thought on the role of business in society, the reflection of India's collectivist culture in organizations, and the humanistic elements of Indian State Owned Enterprises, and the newly adopted Corporate Social Responsibility policy embedded in amended Companies Act of 1956. In so doing, they provide insight into how Indian ethos and culture can inform humanistic management globally.

Perspectives on humanism in (international) management education

The final section of the volume is comprised of chapters promoting humanistic pedagogical innovations. Meghan Norris first explains how the Service, Operative, and Lecture Learning (SOLL) model promotes humanism in international business and management education. This is achieved through service learning experiences, based on skills-based problem solving, combined with traditional classroom-based lectures. Dr. Norris provides detailed guidelines for integrating the SOLL model within a traditional international business and management theory. The resulting curriculum fosters credibility with students while fostering culturally sensitive, humanistic management practices.

Susan Swayze and James Calvin next detail the Leadership Development Program at John Hopkins University. They provide the teaching philosophy and approach to curriculum of the program, which are informed by humanistic management principles of leadership, culture and society. Pointing out that globalization induces managers to do more than contribute to the bottom line, this program is designed to provide them with knowledge, relational skills and abilities, that will aid in implementing innovation consistent with the tenets of humanistic management. The authors hope that by sharing these insights and practices, other academic institutions will be inspired instilling humanistic management as basis for educating future business leaders.

Kemi Ogunyemi next examines how managerial anthropology provides a basis for a humanistic approach to studying international business and management. The context for this exposition is a course titled "The Nature of Human Beings," taught at the Lagos Business School in Nigeria, which focuses on virtue ethics as its primary foundation. Dr. Ogunyemi shares evidence on the effectiveness of this course in preparing future managers to practice humanistic management, "freed from purely economic blinders."

Consuelo Garcia de la Torre, Luis Portales and Osmar Arandia conclude with an analysis of the mechanisms of humanistic formation of students at the Tecnológico de Monterrey. The authors analyze the university model they designed, based on humanistic management principles, finding that it has tangible influences on promoting human dignity and well-being in the communities where graduates live and work. The key mechanism identified as promoting these values is the alignment between the educative model and the competency development by students at Tecnológico de Monterrey.

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Part I
Conceptual Perspectives

1

Global Tensions between Mainstream Economic Discourse and International Humanistic Management Agendas: Investigating the Challenges Facing Organizational Stakeholders in Modern Market Societies

Thomas S. Calvard and James Hine

Introduction and overview

This chapter argues that there is a persistent, growing, unabated global discontent with mainstream, orthodox and excessively liberal or neoliberal economic discourse. This discontent is vague and complex, but it emanates from various populist sources outside the discipline of economics, from various critical quarters across the social sciences and from heterodox voices and associations within the field of economics (e.g., The World Economics Association [WEA]; The New Economics Foundation [NEF]).

This chapter focuses on long-standing, highly challenging questions about the powerful effects of economic discourse on the various strains of political and (inter)national economy interpreting it, and the future possibilities for economic and management thought. The latter possibilities are typically those trying to understand and shape market society away from purer forms of shareholder capitalism and toward something more ethically and socially palatable within modern market societies. These debates take place against the backdrop of continuing twenty-first century globalization, a seemingly hegemonic status quo of chasing rapid global growth and financialization, the enduring presence of large multinational corporations, the failure of mainstream economics to reform itself in spite of corporate scandals, a global financial crisis, occupy protests reflecting a significant sense of alienation from those accumulating wealth, shifting divisions of world power, informal economic or black market participation and a thirst for more humanistic solutions to global crises.

Mainstream economic discourse as it stands is really more like a set of interlocking discourses, with complex roots in neoclassical, neoliberal, utilitarian, individualist, Darwinian and shareholder or consumer capitalist modes of thought. The calls for change or counter-discourses are also striking, although in some cases more cautious, tongue-in-cheek and ambivalent than others. The word “economics” has more or less become semiology in its own right. A cursory search of any library or bookstore economics/business section will often reveal more titles questioning the fundamental nature of economics than titles merely giving a neutral overview. Flashy titles do sell books, but names also abound in journal articles and enjoy a wider subsequent usage. Labels include freakonomics, freeconomics, sickonomics, bleakonomics and economyths. The societal excesses of laissez-faire neoliberal market capitalism around inequality and environmental depletion are also frequently alluded to via disease metaphors such as “Anton’s blindness” (a rare brain condition where one cortically blind still affirms confidently that they can see; Patel, 2009) and “Affluenza,” where a growth in material affluence in developed economies is ironically detrimental to humans’ well-being (James, 2007).

Having set this scene, the purpose of this chapter is not to attempt to unpick the finer points of all these issues – which would be a monumental technical undertaking, one that will doubtless continue for many years. Rather, we aim to explore the key effects of mainstream economic discourse on corporate stakeholders in market societies and to encourage broader, more coherent humanistic engagement with it. We consider the constrained sense of agency that is experienced by market players acting in the face of economic orthodoxy, alongside some contextual reference to globalization and international business. At the heart of the chapter, we briefly summarize the key tensions that hinder more humanistic engagements with mainstream economics and outline directions for partially overcoming these obstacles. We conclude with some implications for research and practice relevant to the humanistic management agenda (Pirson & Lawrence, 2010; Spitzack et al., 2009).

Mainstream orthodox economic discourse: recurring, persistent and uneasy discontent

We acknowledge debates about whether mainstream, orthodox economic discourse is in fact “all one thing.” We would argue that at times it can seem so, although we also acknowledge the rich complexity of international variations in corporate governance, species of capitalism, political rhetoric, academic communities and so on. Nevertheless, digging at core economic issues can enable almost anyone to strike at some relatively durable elements of recurring, persistent and uneasy discontent.

Economics is still frequently referred to as a “dismal science” (e.g., Wheelan, 2002), a phrase coined by the Victorian historian Thomas Carlyle

in the nineteenth century, reflecting the depressing, harsh global realities explored during the classical era of the discipline and to be contrasted with more arts-oriented, life-affirming “gay sciences” such as the writings of song and verse. The “death of economics” has also been proclaimed, in terms of its abstract, static detachment dooming it to never fully understand dynamic socio-political issues (Ormerod, 1995). Also, in particular, the mainstream “neoclassical” label has been argued to have potentially outlived its relevance, dating back to the early twentieth century or further and not reflecting recent broader developments of the discipline and its future (Colander, 2000).

As well as being “neoclassical,” mainstream economics is also affiliated with “neoliberalism” (Steger & Roy, 2010), a global set of political forces dating from the 1970s or so that are reconstituting the role of the state and financial systems in supporting freer market processes and that are enacted today largely through transnational institutions such as the international monetary fund (IMF) and the World Bank, among others. More than just “market fundamentalism,” the term remains in widespread use but is contested, often poorly conceived and ripe for potential political and regulatory revisions, particularly in the wake of the global financial crisis (Josifidis et al., 2010; Mudge, 2008). The term also more subtly emphasizes free and fair competitiveness as a core value. This value is in turn ambiguously linked to other moral issues; for example, elitism, widespread self-interest, rights and responsibilities, welfare, tragedy of the commons (resource depletion) and efforts to shape more acceptable forms of capitalism (Amable, 2011).

We argue that these messy ongoing debates belie a general sense of unease and discontent surrounding economics. Despite an explosion of decades of interdisciplinary and populist literature, trying to take on economic doctrine has come to feel not only wearily unoriginal but also like wrestling with a creature of intimidating proportions. The ambitious scope of the language, meaning and knowledge surrounding economics – ostensibly a discipline about what everyone in the world stands to get out of life – makes it a particularly powerful (and you might even say ultimate) candidate for discourse. Its componential richness, durability and scope can lead us to refer to mainstream economic discourse as somewhat hegemonic or dominant, muscular, grand, mega, meta and so on (Phillips & Oswick, 2012). Given the turn-of-the-century ethical business scandals (e.g., Enron, Worldcom) and the 2008 global financial crisis, market individualist ideology and inherently unstable financial capitalism should be ripe for reform (Hodgson, 2009), although questioning them is likely to prove difficult given vested interests and real-world complexities that need to be addressed. Politically, to the extent that governmental states and markets work hand in glove (Marglin, 2008), there is a sense of relative obsolescence of the left and right in progressive political thought (Lasch, 1991), which is accompanied by a potential need for market society stakeholders to somehow make smarter demands of a triumphantly

indestructible power core of global capitalism and liberal democracy (Žižek, 2007). This power core in turn vaguely assimilates politics to economics itself – blurring the two – and drives them both some distance away from ethics, throwing the latter at risk for being stereotypically confined to more personally private, Kantian matters (Parker, 2003).

There are two main ways to challenge mainstream economics (Marglin, 2008). The first is structural; to look at how to make markets work better or describe them with greater technical accuracy by questioning the structural assumptions around their mechanisms. The strongest of these attempts include those that have tried to technically debunk orthodox economics, by dismantling some of its curves, predictions, modelling assumptions, proxies and other relationships (Keen, 2001). The second way to critique is foundational; to fundamentally question, challenge and investigate the societal logic and limits of markets (Marglin, 2008). This might include more radical communitarian, critical, Marxist or postmodern views, denouncing the market fundamentalism arising from economics as an authoritarian grand narrative to be greeted with skepticism, favoring placing greater emphasis on dissent, pluralism, and cultural difference (Sim, 2011). This is where postmodernism starts to potentially clash with humanism's emphasis on the universal; although we might wish to argue for a "postmodern humanism" of multiple cultural "humanisms" (Epstein, 2009).

A wealth of social science research breeds in the middle of these two arms of critique, implicitly or explicitly questioning market and institutional functioning on various technical and/or social grounds as well as the implications for market stakeholders. Currently, we find economics struggling to break with centuries of discontented past and create a newer, more humanistic, twenty-first century paradigm from its heterodoxy (Coleman, 2002; Lee, 2012). Influential twentieth century socio-economic thinkers like John Kenneth Galbraith and Thorstein Veblen await greater retrospective consideration and potential successors.

In the following sections of this chapter, we trace these issues with reference to globalization and the international business arena, and present our approach to engaging and summarizing the key humanistic tensions raised by mainstream economic discourse.

Mainstream economic discourse in relation to globalization and international business

The foregoing discussions of mainstream economics and the discourse-based tensions arising take on new intensities and complications in relation to persistent globalization and topics on the international business agenda. The hallmarks of contemporary globalization – intensified flows and interconnected patterns of capital, knowledge, trade, migration and other socio-economic or political activity – step up the scope of mainstream

economic mandates, emphasizing global incentives, transactions and market equilibria. Developmental or comparative subfields of economics have evolved in tandem with international global economic discourses, debating neoliberal and socialist policies, and exploring a variety of capitalist institutional possibilities, where market institutions, multinationals and governments try to work together as skilfully as possible (Djankov et al., 2003; Piasecki & Wolnicki, 2004).

From a humanistic standpoint, clearly there are limits to development in terms of global economic growth (i.e., it needs to be sustainable and environmentally friendly), and despite the purported inclusiveness of globalization, market forces and free trade are not enough to lift some populations out of extreme poverty. Specifically, a combination of increased foreign aid and more scientific understandings of national infrastructure and geography are needed (Sachs, 2005). This is where development economics needs to be linked to international business. Yet, in a situation that mirrors the orthodox-heterodox tensions in economics, the field of international business also has a navel-gazing mainstream and a neglected, indignantly critical heterodox set of views. Specifically, there are critical concerns that mainstream international business has adopted a culture-free or Western bias focused on the machinations of multinationals, neglecting important, fruitful understandings of First/Third world and other global culture rifts emphasized by postmodern and postcolonial perspectives (Özkazanç-Pan, 2008).

Mainstream international business and management research indeed retains a sound technical commitment to understanding the structures of internationally operating firms and the cost-benefit implications of crossing national boundaries (Rugman et al., 2011), but it seems to be struggling with fully engaging globalization contexts beyond the scope of firms or developing genuine leaps in conceptual or theoretical thinking (Griffith et al., 2008). Clearly, critical international management scholarship and less orthodox, emerging subfields of economics (e.g., economic geography; Beugelsdijk et al., 2010), if amenable, can contribute in part to better understandings of local culture and socio-political global differences. The business need for this dialogue, and its relevance for globalization, is underscored by the use of confusingly rich terms like “glocalization” to capture emerging social and organizational realities (Roudometof, 2005) and the significant levels of global population that remains almost exclusively within the informal economy (Neuwirth, 2012).

To return to links between economics and globalization, an orthodox economic hegemony seems to be maintaining a partly undesirable state of highly financialized instability overall. This is profoundly connected to the political dimension of globalization and a strained ultimate debate around whether a mutually tolerant global ideal can be realized or whether instability and pluralist national resistance will prevail (Steger, 2013). We believe that improved reflection and practice around forms of economic and social

scientific discourse can help ground these otherwise intimidating issues. To the extent that mainstream economic doctrine has run its course and left the world in something of a cultural and political limbo, we might expect to see a continuance of commentary invoking “late” capitalism or “end of times” rhetoric (Fukuyama, 1993; Žižek, 2011). There is even some credence to the argument that the world – partly because of its interconnectivity – is regressing back to how things were in the late nineteenth century before the United States became a leading world power, making the status of growth and democracy uncertain and driving nations toward a new era of geopolitical struggles over resources and distribution (Gray, 2013a). The concept of globalization will continue to be multidimensional, contested and conceived as following its own historical trajectories (Ardalan, 2012); what is of concern is that the effects of economic openness on natural environments and democracies – particularly on those of developing nations – remain conflicting and uncertain (Gallagher, 2009; Milner & Mukherjee, 2009).

In sum, we would argue that the current contested understanding of globalization is in part a projection of the deeply contested issues running through economics and international business. We also argue here that by harnessing critical, heterodox and other relevant quarters of economics and the social sciences, and bringing them into a richer, refined contact with the status quo, some of these issues can be more parsimoniously understood and wrestled with. Next, we reflect upon how to break down the struggle – faced by all organizational or market stakeholders, between economic orthodoxy and more humanistic perspectives – into four more manageable issues and agendas.

Economic discourse: dehumanizing, mystifying, a priori specifying and totalizing

For reasons of brevity and space, we can’t summarize in full the abundant underlying literature to our propositions here, but instead we indicate some key concepts, agendas and bodies of work in passing. Our aim is to show that the humanistic management-economic orthodoxy interface can be summarized in the form of four key tensions:

Dehumanizing

First, there is the anti-humanistic charge that the impersonal nature of market mechanisms, incentives and transactions associated with economic orthodoxy *dehumanizes* humans, as well as dehumanizing their various moral and social endeavors. Individually, economics can be accused of treating humans uniformly in terms of *homo economicus* – as relentlessly self-interested pleasure-seekers, leaving concepts of our rationality and morality somewhat neglected as a matter of mere personal taste or preference for philosophers to debate (Hodgson, 2013). Collectively and globally, economics has also been accused

of dehumanizing communities, markets, services and stakeholders in employment relations (Browne, 2002; Ritzer, 2012; Sandel, 2012; Thompson, 2003, 2011). Nevertheless, it is worth noting that these critiques themselves can be critiqued for their loose, fragmented nature and excessive hostility toward deconstructing economics (Gray, 2012; Weintraub, 2008). There is also a sense of failure to bring about the desired changes; globalization has continued in spite of “small is beautiful” points of view endorsing tightly knit cooperative ownership and opposing extensive economic growth (Pearce, 2001).

To “rehumanize” organizing activity in the face of persistently problematic economic orthodoxy, there is thus still a need for a more persuasive and holistic response, coordinated across subfields of economics. There is the question of how the moral projects of markets might be better specified and resolved toward a more humanistic consensus of societal well-being (e.g., Fourcade & Healy, 2007). We might anticipate national or cross-national agendas reviewing, revisiting and evaluating socio-economic concepts in various sectors such as status anxiety, transaction costs, social exchanges, relational models for communal living, human needs hierarchies, biological or Darwinian insights into human nature and different types of goods or resources. Research arising from a humanistic management agenda indeed reflects a first step toward making sense of the issues (Pirson & Lawrence, 2010; Spitzbeck et al., 2009).

Mystifying

Second, we propose the tension of mystification – the idea that processing economic information and engaging with it can be difficult because such information is difficult to understand, bewildering and perplexing. Economics’ mathematical grammars of crisscrossing curves, trade-offs and indices can feel alienating and belittling to a significant number of non-economists, who are nevertheless inevitably embedded within global economic systems in which they have a stake. Even relatively accessible books introducing economics to laypersons are forced to admit that the world is far out of our control, while bemoaning the dully abstracted inadequacy of a basic economics education (Wheelan, 2002). This is not about blaming economics or mathematics but about recognizing the limits of more closed, linear mathematics as inappropriate for modelling the open systems of the real world and its endogenous social complexities. Epistemologically, it is often hard to get a handle on when (if at all) economic predictions are refuted (e.g., Hutchison, 1977).

Economics can readily be associated with excessive mathematical formalism and the financialization of everyday life, disconnecting humanistic concerns of working and consuming households from the bewilderingly abstract calculations of globalized markets (Dore, 2008; Erturk et al., 2007). Economists themselves tell stories in financial rhetoric, use metaphors, make strong claims, point at hidden underlying structures, ranging their

talk from dangerous illusions to inspirationally virtuous tales of growth and triumph (McCloskey, 1990).

In order to “demystify” economics in aid of humanism, we need to celebrate the pluralism of its stories, as captured by the plethora of words put in front of economics: labor, welfare, development, Islamic, Buddhist, heterodox and so on. Economics and globalization education should perhaps be made more accessible, flexible and critically balanced at all levels (Boni & Walker, 2013; Coyle, 2012). Research probing laypersons’ conceptions of economic concepts and dilemmas will help to elaborate the contours of the mystification problem, as well as renewing in-depth research on occupations, institutions and the socio-economic realities of work environments (Barley & Kunda, 2001; Bechky, 2011).

A priori specifying

Third, economics can also create humanistic problems by setting strong a priori precedents that specify and constrain how those in a globalized, market-focused world might behave socially and culturally over time. Partly this stems from some economists’ pure science pretensions (Ghoshal, 2005), their epistemology seeming to want to constitute itself as something like a social physics, despite economics being in fact inevitably value-laden (Turk, 2010). Thus the causal snake of a priori economic calculations runs the risk of becoming self-fulfilling and swallowing its own tail of over-determined effects. We shape markets, yet markets shape us.

Research on management theories, MBA students and economic priming maintains that economics shapes behavior and mindsets in an antecedent, self-fulfilling fashion (Ferraro et al., 2005; Molinsky et al., 2012). This includes areas such as transaction cost theory, self-interested motivational predictions, utility-maximizing behavior and generally homo economicus made flesh. Debates rage on about the direction of these causal relationships and the aspirations of economists to socially engineer markets that might have the potential to be more humanistic (Mackenzie et al., 2007; Santos & Rodrigues, 2009).

The solution to resolving this tension, we believe, lies in a more integrated research agenda around the contingencies of economic or market performativity. This means thinking about how the performative thoughts and deeds of stakeholders serve the status quo of markets, or challengingly prompt reconsideration in acts of counter-performativity (Butler, 2010; Callon, 1998). Integrating work on performativity thus means understanding diverse national economies performing globalization and development, financial actors, critical management scholars, activists, protestors, communities, social entrepreneurs and all market actors on the global stage. Managers need to be able to articulate schemas, mental models and scripts that guide through failure, crisis and triumph. These include alternatives to homo economicus (e.g., homo sapiens, homo publicus), and alternative views of economics itself (e.g., as art, history, science).

Totalizing

The final tension we propose concerns the notion that mainstream economics has totalizing tendencies; its globalized scope and policy influence seems to wrap our world up as a whole and relatively crowds out alternative worldviews and agendas. We might refer to it as signifying an all-encompassing realism, a persuasive hegemonic dominance – socially, culturally, psychologically and politically (Femia, 1975). Capitalism in a US fundamentalist form and neoclassical economics as an economic discipline have often been viewed as overbearingly imperialist or extremely influential models (Fisher, 2009; Mäki, 2009). Since the global financial crisis, the persistent frustrated struggle of this totalizing theme can be identified in popular phrases such as banks being “too big to fail,” or capitalism being the “only game in town” (Gray, 2013b). The general public may vaguely yearn for change, while elite global structures reproduce the status quo (Vaara & Faÿ, 2012).

We believe that one solution to reframing this totalizing issue is to simply start to better “typify” the classes of alternative socio-economic orders in order to make better choices in enacting preferred institutional structures for the globalized future. Granted this is not a simple task, but many alternatives to a seemingly dominant status quo are evolving all around us, and some of these “little narratives,” to use a postmodernist phrase, are well underway and growing or shifting in influence. These agendas include a greater acceptance of pluralist politics rather than relying on globally universalizing liberalism (Gray, 2006), engagement with postcolonial concerns (Özkazanç-Pan, 2008), and developing the varieties of capitalism and economic sociology literatures beyond a liberal market-coordinated market binary (Allen, 2004; Barton, 2011; Whitley, 2009). This also means rejecting the notion of growth without limits (e.g., Gordon, 2012) and attempting to psychologically understand a diversity of worldviews in relation to globalization (Arnett, 2002; Koltko-Rivera, 2004). The economic heterodoxy itself offers possibilities for paradigm shifts around behavioral economics, experimental economics, evolutionary economics and forms of post-Keynesian thinking (Keen, 2001).

There are humanist and ethically responsible agendas wanting to refresh alternative starting points of worldview, of which this volume constitutes an expression. These viewpoints broadly resonate with ensuring sustainable development, alleviating poverty, ensuring more democratic forms of governance, embracing inclusive visions of diverse but overlapping cultural roots and fostering aspirations to virtuous living. Alternative worldviews challenge the logic of our knowledge and the types of sectors and institutions that we believe are crucial to support a good life and a globalized world we all want to live in. Utopian alternatives risk simply becoming new human foibles, but many do more to invigorate an agency-based ethic of care than much standard economic or managerial doctrine.

This chapter concludes with a concise outline of specific implications for research and practice and resummaries the chapter's key points.

Implications for research and practice

We propose three main academic implications arising from our discussion, aimed at international researchers making renewed efforts to understand globalization, humanism and economic discourse:

- There is a need for performing detailed research on communities of economists, financiers and capitalist decision-makers more widely across the social sciences. These are the stakeholders working at the coal face of mainstream economic discourse, employing the rhetoric and wrestling with the criticism. Such research should yield professional, occupational and institutional insights that might spur much-needed reform to transnational, globalized forms of professional economic work.
- The need for greater integrative theorizing, studying and testing of alternatives to models of the status quo rooted in economic orthodoxy also exists. This includes alternative forms of the individual worldviews, capitalisms, governance, knowledge and organizational designs. This research should typically be interdisciplinary, inclusive of economics rather than being too exclusive or rigidly opposed, theoretically pluralistic, cross-culturally sensitive and evidence-based in its ethos. This will raise awareness and clarity around the possibilities for new voices, discourses and projects for experimenting and challenging mainstream economic doctrine.
- Finally, we advocate using socio-cognitive, institutional perspectives to study forms of the four interrelated tensions we have proposed, along with the struggles for coherent change that they entail. Such study could make reference to social movements or protests and bring together postmodern, postcolonial and humanist views that surround problematic areas of economic doctrine. The research would be driven by a concern for people experiencing organizational change, inertia and crises in cross-cultural settings.

We also propose three main implications for practice. We cast these broadly to include any market stakeholders in any sector or industry; but with some particular reference to educators, leaders, managers, regulatory agencies, entrepreneurs, unions, the HR function, professional associations or institutions that have an interest in economic and social affairs in relation to globalization.

- First, we would call for more concerted efforts to form social science coalitions across interdisciplinary lines. Greater interdisciplinary praxis is needed to get public engagement to sufficient levels to articulate economic concerns in terms that can lead to real humanistic changes. Economics itself has many heterodox subdisciplines with complex

connections to the humanities, sociology, psychology and pure sciences. Consolidating this complexity can facilitate educational reforms at all levels, connecting economic principles and globalization with surrounding subject area curricula more accessibly and democratically.

- We also advocate practical and political projects that consider forms of social entrepreneurship, ethical organizational leadership and humanistic workplace culture explicitly as performative alternatives to the economic status quo. This means creating novel opportunities for key globalizing agents to experiment responsibly with alternative worldviews fitting the industry, sector and regions in question. In short, bold ethical (self-) organizing moves that consist of openly learning from and challenging economics by doing things radically differently.
- Finally, we propose the setting up of and continuing engagement with professional training, development, cross-sector affiliations, accreditations and other institutions that advance humanistic agendas. Explicitly these institutions should seek to support market stakeholders to rehumanize, demystify, emancipate, destabilize and innovate in relation to organizations' economic contingencies and strategic decisions. These institutions can manufacture new qualifications, inspections, forums, knowledge systems and other artefacts. They should provide international practitioner-academic partnership around heterodox economics perspectives and stress a novel dimension of ethics and corporate social responsibility CSR around democratizing understandings of economic orthodoxy and its limitations.

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2

Challenging the Dominant Paradigm: Critical Management Knowledge for Humanistic Management

Ozan Nadir Alakavuklar

Despite the warning of Boyacigiller and Adler (1991) about the parochial nature of management knowledge produced in the United States of America (USA), after nearly two decades Grey (2010) confirms that this parochial nature is unfortunately still alive. According to his analysis, the majority of the authors who published in the ASQ are from the USA, and it is claimed that there has been such a pattern for years. In another call for a pluralistic perspective in the field of international management knowledge, it is also claimed that there is greater dominance of North American research paradigm and that its homogenizing structure is still strong (Tsui, 2007). This situation is also acknowledged by other scholars in the field (Jack et al., 2008; Michailova, 2011; Özbilgin, 2004).

From the other side, the rest of the world is expected to have a similar knowledge production process considering the institutional practices coming primarily from the USA. In this study, this domination and assumed universalization of the U.S.-originated international management (IM) knowledge is questioned. My objective is to interrogate the possibility of having humanistic knowledge as an alternative form of knowledge by criticizing the existing colonial nature of globally dominant management knowledge in the light of postcolonial organizational analyses.

In accordance with this objective, first, the domination of the USA in the field is discussed briefly in terms of research, education and ideology. Second, as a challenge to this domination, the position of postcolonial management and organizational knowledge is given. Finally, in addition to discussion of alternative forms of knowledge, some suggestions are provided for IM knowledge with a humanistic and critical/postcolonial perspective. As a contribution, this study aims to provide a dialogue between postcolonial management knowledge and the assumptions of humanistic management that would bring new insights for the agenda of IM.

The colonial domination of the USA in international management knowledge

Since management knowledge became a global phenomenon, there has been an ongoing discussion on how it transfers from one place to another and how it interacts with local practices (Alvarez, 1998; Jack et al., 2013; Srinivas, 2009; Üsdiken & Wasti, 2009). In terms of IM knowledge and practice, what we see is the dominant position of US management knowledge. Following World War II, due to socioeconomic, historical and political realities, the USA has a very significant role (Westwood & Jack, 2008) and is assumed as a center for producing and diffusing management knowledge (Kipping et al., 2009; Mangematin & Baden-Fuller, 2008).

Therefore, as a part of this diffusion, management knowledge and education in the world becomes an institutionalized field including isomorphic practices dominated by the USA with actors such as business schools, strategic foundations, policy makers, multinational companies, and accreditation and ranking mechanisms. Besides, it is also claimed that such a diffusion potentially leads to Americanization of the countries through transferring of American values and beliefs (Alcadipani & Caldas, 2012; Clegg et al., 2000; Kipping et al., 2004). While research, education, ideology, politics and economic interests intertwine as a part of this institutionalization process in the global arena, we see the notions of academic imperialism and dependency relationship (Alatas, 2003; Westwood and Jack, 2008). As a part of this process the US model in research and education has been taken as a basis and a model in many countries (Engwall, 2007); for instance, PhD candidates are sent to US business schools with the expectation and realization of knowledge transfer to the origin countries and business schools imitating this model are opened in various regions (Hedmo et al., 2005; Lamb & Currie, 2011; Üsdiken, 1996). Therefore, business schools become a tool of knowledge transfer in different countries in addition to other carrier agents such as foundations, professional organizations or multinational corporations (Khurana, 2007; Rodríguez & Gantman, 2011).

The research tradition has its origin in the foundational assumptions of management education. Among these bases we notice the search for legitimacy via scientification of management knowledge in the US business schools around 1950s and the influence of economics, applied mathematics, psychology, and sociology disciplines (Khurana, 2007, p. 91). Additionally, borrowing epistemologies and ontologies from the natural sciences created a positivistic research tradition currently associated with an objectivist paradigm that searches for scientific, rational and casual explanations in management and organization studies (Baum, 2011). IM knowledge was also built up on these foundational premises.

Such a way of doing research on management and organization is expected in high-ranked journals (mostly lead by the US journals) that enforce the

international scholars (the rest of the world) to follow a similar research orientation as a part of the general institutional setting in higher education. In addition to school rankings and accreditations in the institutional mechanisms (Wedlin, 2011), while careers, rewards and funding are associated with publishing in top tier journals, the domination is maintained via the policies of such journals. Hence, it became harder for scholars who have alternative epistemologies, ontologies and methodologies to publish their research in this institutional field (Adler & Harzing, 2009; Merilainen et al., 2008). This means that the scholar should either follow this research tradition and think in terms of dominant form in order to get his/her work published or focus on spending noteworthy effort to act as a change agent in various platforms (Özkazanç-Pan, 2012). Such a hegemonic approach causes homogenization in approaching organizational problems and also limits the development of theory (Özbilgin, 2009).

It is demonstrated that historically this research tradition tended to focus on the economic performance of the organizations (Walsh & Weber, 2002) and did not give importance to societal and humane issues (Walsh et al., 2003) – particularly in the example of the *Academy of Management Journal*. Therefore, it can be claimed that dominant paradigm is also associated with economic and performance orientation where the interests of other stakeholders or the silenced ones are mostly overlooked. Even though social responsibility issues or the green models are widely discussed to fulfill the needs and dissipate worries of society, such approaches are criticized due to their implicit instrumental assumptions (Banerjee, 2008a; Böhm et al., 2012; Crane et al., 2008). Besides, for the sake of market managerialism and profit orientation this research tradition also ignores teaching and studying alternative forms of management and organization models (Parker, 2002).

In terms of education, business schools taking the United States as a model prefer to teach from the U.S.-based textbooks, and as a result the local context is hardly involved in curriculum (see Jack & Westwood, 2009; Nkomo, 2011). Therefore, thinking within the exported theories creates a problematic base for understanding the country-specific issues and for encouraging students to reflect on such issues. It is also crucial to notice how ideology may operate through management knowledge and education in terms of global capitalism (Grey, 2002) and transfer of market logic incongruent with American values (Khurana, 2007; Lamb and Currie, 2011). In the light of this discussion, IM knowledge is not just free of such flaws but also a driver of these aspects (Westwood, 2006).

Having its origin in the USA, IM knowledge is historically, culturally, politically and ideologically value laden but presented as universal. Particularly, the structural functional orthodoxy in the name of being rational and scientific dominates the field (Westwood, 2006). In terms of its research culture, it is also claimed that the field traditionally suffers from “engaging in faulty generalizations, essentializing culture, ignoring connections between

metatheory and methodology, and resorting to older, often positivist social science literature to address interdisciplinary concerns,” in addition to lack of political critique (Jack et al., 2008, p. 876). In terms of research outlets, it is illuminating to share what Cooke and Faria (2013, p. II) claim: “North Atlantic notion of the ‘international’ journal means, by tautological definition, must be published in English, in the US or Europe, and ranked by North Atlantic ranking businesses” while they mention how *Cadernos EBAPE.BR* is an influential journal in Latin America in terms of its contribution to management and organization theories. Hence, we see how the domination operates on and manipulates the production of management knowledge in the rest of the world.

Clearly the picture drawn here causes a neocolonial domination and exclusion for scholars having other research orientations from different geographies and methodologies (Murphy & Zu, 2012). Even English language becomes a type of hegemonic practice regarding research (Tietze & Dick, 2013), and international business textbooks and publications from Western world are potentially haunted by colonial history (Fougère & Moulettes, 2011; Jack & Westwood, 2009). In the light of these hegemonic practices (predefined epistemologies, ontologies and methodologies for doing research; institutional settings and practices homogenizing management research; the use of English language; ignoring alternative knowledge forms; lack of consideration for local necessities; overlooking the political aspects), there raises an issue of separation of the central and the periphery in terms of IM knowledge (Grey, 2010; Merilainen et al., 2008). Therefore, it becomes essential to confront the idea and the identity of periphery and the otherness in terms of the “epistemic coloniality” (Ibarra-Colado, 2006, p. 464), in addition to “cultural imperialism” within IM knowledge (Jack et al., 2011, p. 279).

Challenging the domination with postcolonial management knowledge

Postcolonial theory is an important tool to challenge United States and the Western knowledge. Having roots in various theoretical disciplines and radical positions – such as literary theory, third-world studies, poststructuralism, feminism, Marxism and psychoanalysis (Jack et al., 2011; Prasad, 2003) – postcolonial theory developed as a reaction to Western knowledge and its role in colonialism. Considering that the colonial history of the West extends for at least 500 years, it has not merely seen the extraction of wealth and tribute from the colonized places but also how colonial powers established cultural and ideological links that still impact intellectual production (Prasad, 2003). Hence, with an ethical and political lens, postcolonial theory focuses on this complex and complicated relationship, aiming to understand the impact of this interaction on people living in the West as well as

the non-West. Accordingly, postcolonial theory focuses on the relationship between the colonized and colonizer; gives importance to the reality of power and resistance dynamics in the colonial realm including the minds and thoughts; and claims that the colonialism may not disappear easily as economic, cultural and ideological links may still maintain and strives to open a space for the “Other” to speak (Jack & Westwood, 2009, pp. 12–13).

Said (with his focus on orientalism), Spivak (with her subaltern perspective) and Bhabha (with his hybridity approach) are the prominent figures and theorists in postcolonial theory. As Said’s theory on orientalism focuses on the construction of the cultural representation of Oriental (East) by the Occidental (West) in a binary opposition that gives superiority to the West, Spivak’s work is on understanding and providing a space to the marginalized female gendered postcolonial subject that could speak from subaltern against hegemonic discourse. And, as a part of provincialization and decolonization argument, Bhabha questions how there are indeterminate and in-between subjects rather than culturally pure subjects (hybridity) and colonized attempt to copy the colonizer (mimicry), along with a need for questioning the authority of the colonizer (Jack et al., 2011, pp. 277–278; Özkazanç-Pan, 2008, p. 969).

In line with the previous arguments, it can be stated that IM knowledge becomes a field where the ideology and interests of the center intertwine with each other and are presented with ahistorical universality while negating the realities of non-Western people (Prasad, 2009). Therefore, it is important for the “other” scholars to produce knowledge and speak to the Western world, considering this ideological and political nature of the field by examining (1) whose interests are at stake and whose interests are more valid in the name of IM knowledge; (2) how the binary opposition is maintained by the Western organizations and institutions in the knowledge production process; (3) the role of the third world and its subjects in IM studies, considering the working and living conditions affected by Western organizations; (4) the gendered nature of globalization and international division of labor; (5) the nature of transfer of management knowledge as a hybrid process compared with narratives based on cultural differences; and (6) how the indigenous knowledge may contribute to and become a part of IM knowledge (Özkazanç-Pan, 2008, p. 969).

Since 1990s there is a growing literature on postcolonial organizational analysis, employing primarily the theories of Said, Bhabha and Spivak (for a detailed discussion see Jack et al., 2011). It is also claimed that the colony and the global south writes back in terms of contributing to management and organization theory from all around the world (Alcadipani et al., 2012; Mir & Mir, 2012). For instance, just to provide a brief snapshot, analyzing the relevancy of Islamic practices on management and organization knowledge Ul-Haq and Westwood (2012) demonstrates how Islamic management knowledge is ignored by the West and how scholars from the

South intellectually produce with the lenses of the North. Nkomo (2011) deliberately analyzes how the leadership studies in Africa are also extension of Western representations, and by using theories of Fanon, Cesaire and Senghor, she asks why there is a need for local understanding of African leadership with an anticolonial perspective. Mir et al., (2008) focuses on the political dynamics of knowledge transfer in an MNC and analyzes how the transferred knowledge becomes a field of hegemonic discourse and a passive resistance at a subsidiary in India. Hence, while becoming much more inclusive in terms of geography, epistemology, ontology and methodology, the growing literature on postcolonial organization studies challenges the Western domination and provides a space for alternative and indigenous forms of management knowledge so that the other can speak (see also Prasad, 2012). Therefore, it is demonstrated that neither theoretically, nor methodologically, or politically do we need to think in the dominant form in the framework of IM. At this point it would be important to focus on humanistic management that would enrich the theoretical framework for postcolonial perspectives.

The possibilities of humanistic and critical IM knowledge as an alternative

By rejecting the dominant narrative of economic performance and instead considering human dignity and development as a basis rather than just a variable (Pirson, 2013), humanistic management knowledge is an alternative form gaining attention in academic outlets of business schools recently. It is claimed that humanistic management gives importance to produce and disseminate knowledge that would challenge the problematic status quo and provide a new role for corporations as life-conducive for all related stakeholders (Humanistic Management Network, 2013). Given the importance of studies based on understanding the human factor in management in terms of motivation and output relationship by different scholars such as Follett or Maslow, today humanistic management suggests a new organizational perspective based on virtue ethics that emphasizes human-centered, value-oriented society as opposed to "*homo economicus*" perspective (Melé, 2003; Pirson et al., 2010). Accordingly, humanistic management defends the moral idea of the development of human virtue and unconditional human dignity in all aspects of business dominated by an economic perspective (Melé, 2003). Therefore, as a reaction to self-interested, short-term oriented and amoral individual, humanistic management defends a position of *zoon politikon* for individuals. Accordingly, such an individual cares about the balance of interests with a relational disposition having the separation of means and end. In terms of organizational perspective rather than nexus of contracts as a part of economic view, the organization should be based on social community with a stakeholder orientation. As a crucial way of doing

business – instead of profit maximization and short term gains – financial, social and environmental sustainability with a long-term orientation is put forward (Pirson & Lawrence, 2009, p. 555).

It is also claimed that with humanistic management, the businesses can respond to the demands of stakeholders in terms of being legitimate, moral and, at the same time, profitable. As long as the companies are perceived as evil due to their non-humanistic but profitable practices, they are also capable of using humanist and moral ideas instrumentally by putting profit maximization first. Therefore, a move towards a truly humanistic business model is suggested by Spitzeck (2011) that would consider profit as a by-product and as a means for societal value creation (Spitzeck, 2011). That is why scholars are working on a humanistic management model to act as a change agent in the institutional setting of management theories, practices and education at a global level (see Humanistic Management Network, 2014).

Accordingly, the basic principles behind humanistic management are based on criticism of unsustainable shareholder capitalism and global inequality at a systemic level, loss of trust of stakeholders and commitment of employees at organizational level, and dissatisfaction of people in terms of their endless material needs causing further unsustainability. Having a relational perspective in terms of organization and individual relationship, humanistic management gives importance to belonging, trust and cooperative relations in the organizations where multiple stakeholders should be involved in decision-making processes so that network governance is built up against a narrow economic perspective with many deficiencies (Pirson & Turnbull, 2011). Particularly in terms of resisting the bottom-line, understanding of profit and putting forth human dignity and well-being as a moral argument, humanistic management might be another challenge and a contribution to IM knowledge as long as it engages with local knowledge from all around the world (see Tsui & Jia, 2013).

At this point it is important to consider the impact of critical management studies and its relation with postcolonial studies. Having become institutionalized in various contexts for two decades, critical management studies is another alternative form of management knowledge interacting with various traditions of social theory that would challenge the orthodoxy in management studies (Alvesson, 2008; Grey & Willmott, 2005). Defamiliarization of taken-for-granted organizational phenomenon; analysis of the impact of non-Western on Western thought, life-style or institutions; and study of non-Western management and organizational perspectives are some of the intersection points between postcolonial theory and critical management studies that contribute to the critique of mainstream and dominant paradigm in IM studies (Jack et al., 2011; Prasad, 2003).

The question, then, begs about the nature of the relationship between the “developed west” and the rest of the world in a globalized world with a humanistic perspective considering, for instance, how the slavery was an

important momentum for globalization and how theories of classical management have roots in cotton plantations (Cooke, 2003). We can also add how modern slavery becomes a management practice today in a globalized world (Crane, 2013), while neoliberal ideals turn into necrocapitalism that subjugate life to death with the cooperation of corporations, nation states, supranational and international agencies (Banerjee, 2008b). As all these issues have origins in the relation of the West and non-West, a crucial challenge for humanistic management is how to combine Western tradition with postcolonial and indigenous knowledge.

Future suggestions for a humanistic and critical IM knowledge

Considering the suggestions from postcolonial management knowledge (Jack et al., 2011; Westwood & Jack, 2007), here are some suggested perspectives to discover how humanistic and critical IM knowledge can benefit from each other.

Analyzing the political economy of globalization and emphasizing humanistic values

Without noticing the inherited wild nature of capitalism and free market ideology in terms of racing to the bottom, ignoring the disadvantaged groups, supporting poor working and living conditions particularly in the developing world and avoiding transparency, it might be difficult for alternative management forms to engage new models and perspectives within the current structure. Therefore, humanistic management should also consider the structural sources of inequalities all around the world and the role of the West. As a part of this argument, humanistic management may interrogate globalization, imperialism and colonialism processes with the political economy perspective particularly analyzing how such processes violate humanistic values, cooperation, trust and basic human rights in developing economies via corporations and international organizations. The mutually dependent relationship between the IM knowledge and globalization should also be considered as part of this interrogation.

Considering local realities, necessities and integrating humanistic values

Since the rational and enlightened man coming from the West colonized the “other” in the name of progress, modernity and universality, the humanistic management should be aware of local and non-Western forms of knowledge. Hence, rather than having a universal understanding of humanism, the particular and local should be considered. An integration of humanistic knowledge with local knowledge practices may help when challenging the domination presented as universal in the field of IM. It is crucial to consider

the meanings, attributions and dispositions of humanism in a local context by provincializing the knowledge and deconstructing superficial binary oppositions. As postcolonial critique tries to open up a space for local to speak, humanistic values may be used as an ethical ground for the local knowledge and practices that have a different historical, cultural and social background. By this way, humanistic IM knowledge may focus on not studying the other but working with the other or learning from the other (Özkazanç-Pan, 2008). Therefore, rather than the apprehension of one fits for all (see also Alakavuklar & Parker, 2011), moving from the local realities, humanistic management can be valid for the different parts of the world while criticizing and resisting the enforced nature of Western knowledge prioritizing profit and materiality over humanity. Particularly, it may be asked how humanistic management and indigenous knowledge – these two separate approaches – can collaborate to resist the domination of economic perspective. As a part of this resistance, a transnational connection that would go beyond the nation states and regions can be built up among locales that would contribute to humanistic and postcolonial management knowledge.

Presenting a holistic perspective for transforming IM knowledge

A postcolonial critique suggests a holistic transformation in terms of ontological, epistemological, methodological, ethical and political aspects, rather than just a criticism of the content of IM literature (Westwood, 2006, p. 106). Development of human virtue and dignity, in association with these pillars, may provide a theoretical and moral opening not just for the West but also for the rest of the world. By this way, IM as a colonial project can be transformed into a new emancipatory research practice, including humane concerns – particularly in the light of collaboration of the west and non-west knowledge. Such a holistic and emancipatory perspective can be also taken into consideration for the disadvantaged groups living and working in the Western centers.

Putting forward the ethical aspect of new IM knowledge

Postcolonial critique is based on a radical and ethically informed critique of Western civilization and its outputs such as capitalism, eurocentrism and superiority of science (Prasad, 2003). Humanistic management should focus on these discourses, with its moral language based on human value, dignity, cooperation and collaboration that is mostly overlooked by multinational corporations or their counterparts in the developing world. As the ethical impulse of postcolonial theory is based on an equitable and just global system in all terms including cultural, psychological, epistemological in addition to economic and political (Prasad and Prasad, 2003, p. 284), this perspective can be employed by humanistic management principles.

Intervening into institutional arrangements

As the Western domination is based on institutional mechanisms, humanistic management in the light of previous suggestions should intervene into such mechanisms including education, accreditation, ranking and rewarding practices in higher education as an alternative. Humanistic governance models should be rendered possible not just in the businesses but also in these institutional structures. While the power and resistance dynamics do not have fixed positions, there are always fractures that the resistance may act and grow on and transform the relations in the field.

Conclusion

Even though there seems to be a global domination in terms of management knowledge, it does not necessarily mean that there are no alternatives. As a natural consequence of the power-resistance dialectic – as opposed to hegemonic structures of domination – there are alternative forms. Even though they may seem as marginal or “the other,” the most innovative and challenging ideas come from these outer spaces. While the current paradigm has inherent problems to respond to general and particular problems, including environmental issues and corporate scandals, critique of taken-for-granted ideas will help the field improve and, perhaps, transform. As a means to this end, humanistic management confronting the dominant economic-orientated and functionalist paradigm may assist critique, particularly with postcolonial management and organization analyses. As the parochial nature of the IM studies is challenged by both mainstream and alternative perspectives, by integrating with the political and ethical agenda of postcolonial theory humanistic management may have a stronger base for defending humanistic values that put forth human dignity.

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3

Global Migration of Nurses from Sub-Saharan Africa: Human Capital Development and Neocolonial Perspectives – Forging an Ethical Framework

Kent Rondeau

Most western industrial nations are experiencing an acute shortage of health human resources that is beyond national remedies. As a consequence, many are actively recruiting nurses from developing countries that are experiencing acute public health challenges and their own dramatic shortages of nursing personnel. This chapter examines the challenges faced by nursing human resource of sub-Saharan Africa (SSA) from the perspective of human capital development theory and neocolonialism. These perspectives are useful prisms for assessing the factors associated with decisions to emigrate and aid in understanding patterns of migration from colonized host to destination countries, as well as explicating the phenomenon of racism reflecting many of the experiences of nurses of color as they practice their profession in western industrial democracies.

Nurses and other healthcare professionals have long emigrated from developing to developed countries in search of better professional and personal opportunities. In recent years, this phenomenon has accelerated significantly. The globalization of the healthcare labor market has had a profound impact on the ability of many national healthcare systems to deliver services to their citizens. The most dramatic impact however, is being felt in developing nations that have experienced unprecedented increases in levels of nurse emigration, including those countries that comprise sub-Saharan Africa, where many health systems remain grossly underfunded and understaffed. The subsequent “brain drain” from these developing countries serves to exacerbate the already desperate state of their healthcare system and makes it very difficult to retain their own nurses and other healthcare professionals.

In recent years, the healthcare systems that constitute sub-Saharan Africa have been heavily damaged by the out-migration of its doctors and nurses. The dramatic consequences for many of these countries when losing healthcare

workers, including nurses, are becoming increasingly recognized and widely aired in the public media. About fifty-nine million people constitute the total health workforce of paid full-time health workers worldwide. The Americas (mainly USA and Canada) are home to fourteen percent of the world's population, bear only ten percent of the world's disease burden, yet possess thirty-seven percent of the global health workforce and spend about fifty percent of the world's financial resources for health (Anyangwe & Mtonga, 2007). The World Health Organization (2006) estimates that 57 countries in the world have a critical shortage of health workers – equivalent to about 2.4 million doctors, nurses and midwives. Thirty six of these countries are in sub-Saharan Africa. Africa has 2.3 health workers per 1000 population, compared with the Americas, where there are 24.8 healthcare workers per 1000 population (WHO, 2006). The availability of health workers has become a robust indicator that differentiates developed (the “haves”) from developing countries (the “have-nots”), with the nations of Europe and North America having the highest densities of trained healthcare workers, including nurses.

This chapter examines the impact of globalization on the labor market for nurses. Several theoretical frameworks have been used to examine the flow of health human resources from the developing world that includes sub-Saharan Africa to the western developed countries. Human capital development theory has been used to investigate the forces that facilitate (or inhibit) the flow of labor from one jurisdiction to another. Neocolonial theory has been examined with respect to the pattern of labor migrations from one country to another and provides a useful lens through which to view the recounted experiences of internationally trained nurses of color.

Human capital theory and the push-pull of nurse migration

Healthcare professionals across the world have a strong desire to realize the full return on the many years of education, training and experience that they have accumulated. Human capital theory focuses on how economic incentives influence decisions by individuals to invest in the acquisition of skills and knowledge (human capital) so as to achieve enhanced productive (market) value (Schultz, 1971). This theory posits that individuals own their own human capital and “rent” their productive capital services to employers. The compensation (income) they receive constitutes the individual's return on individual and societal investments that have been made to acquire their skills and competencies. Human capital development is thus treated as an investment process because individuals and societies incur real direct and indirect economic costs in the acquisition of knowledge and skills (Becker, 1993). Nevertheless, the benefits of human capital accumulation are realized by individuals who are able to command higher wages and salaries, as well as those societies that realize higher human capital accumulations

in their population and are able to better exploit a well-educated workforce (Mincer, 1974; Reich, 1991). Human capital development produces both individual and societal benefits. The theory is consistent with the well-worn nostrum that expanding public education will promote and spur the economic growth of nations, although the evidence for this assertion remains less than overwhelming for individuals as well as societies (see Livingstone, 1997; Olaniyan & Okemakinde, 2008; Psacharopoulos & Woodhall, 1997).

Livingstone (1997, p. 9) contends that human capital theory remains in jeopardy because it fails “to account for a growing general gap between peoples’ increasing learning efforts and knowledge bases on the one hand, and the diminishing numbers of commensurate jobs to apply their increasing knowledge investments on the other hand,” especially acutely felt in developing nations. In fact, there is emerging evidence that raising the level of education in developing countries can under some circumstances increase inequalities in income distribution (Olaniyan & Okemakinde, 2008). Nevertheless, human capital theory provides a basic justification for large public investments in education. Psacharopoulos and Woodhall (1997) summarize the importance of investments in education for securing economic development when they assert that “human resources constitute the ultimate basis of wealth of nations. Capital and natural resources are passive factors of production, human beings are the active agencies who accumulate capital, exploit natural resources, build social, economic and political organization, and carry forward national development” (p. 102).

Human capital theorists maintain that investments in education are a necessary prerequisite to global development. Yet, globalization implies that economic investments made in one place are not always directly realizable at the places where they are made because of the integrated nature of labor markets. Neoliberal economic theorists have long contended that it is the owners of capital – whether it is financial or human capital – that have the freedom to take their capital investments to places where they are more likely to earn their greatest return. Like other forms of capital, persons who have accumulated more education have made greater investments in their knowledge and skills, and are thus more likely to experience greater labor mobility than those who have acquired less formal education, received little workplace training or attained more modest human capital accumulations. Exacerbating the direction of these labor flows are policies of many OECD countries that continue to favor skilled professionals for permanent settlement at the expense of unskilled workers, exacerbating the one-way outflow of educated persons from developing nations (Vinokur, 2006). The outcome of labor policies that favor the migration of skilled professionals continues to foment a significant “brain drain” from the developing world and a corresponding “brain gain” for western industrialized societies (Dodani & LaPorte, 2005). Nevertheless, free-market adherents of western labor migration prefer to characterize these global skilled labor flows as “brain

circulation” by citing that many skilled professionals will return to their home countries after either acquiring new competencies or working for a time in western industrialized societies. In reality, this mobility is very asymmetrical, to the detriment of less developed countries, which lose not only much-needed human resources but also considerable investments in education and fiscal income (Marchal & Kegels, 2003). A 1998 UN Conference on Trade and Development/World Health Organization study estimated that fifty-six percent of all migrating physicians flow from developing to developed nations, while only eleven percent migrate in the opposite direction, while the imbalance is even greater for nurses (Chanda, 2002).

International migration for labor is one of the most striking manifestations of globalization of the world economy (International Labour Organization, 1998). The migration of professionals has generally been growing at a faster rate than total migration (Bach, 2003). The migration of educated persons from poor countries to rich countries is not generally seen as worrisome or problematic for many human capital theorists, especially those with neoliberal aspirations. In fact, neoliberal adherents of human capital theory believe that labor migration should generally be encouraged because it has the ability to improve the education and health systems of developing countries. They contend that human resources, like other forms of capital, must have the ability to flow freely if markets are to remain efficient. Human migration produces significant economic benefits for source countries, host countries, and migrants (Borjas, 1995). Furthermore, nascent economic market forces have the potential to adjust to labor demand and supply imbalances more quickly and more effectively than would be the case with the heavy-handed use of regulatory or bureaucratic directives. Western industrialized nations are complicit inasmuch as they are crafting policies which exacerbate labor flows, often directly (or indirectly) from poor developing nations. For instance, the *Washington Consensus* on economic reforms for the twenty-first century calls for greater trade liberalization, a reduction in public expenditures and elimination of local market subsidizations, the securitization of property rights and more flexible labor markets in developing nations (Peet & Hartwick, 2009, pp. 84–94). These reforms have the potential to increase labor flows of skilled professionals from developing to developed countries.

History marks the long and ever-continuing story of human migration. Human development theory contends that much of the migratory flow of nurses and other skilled professionals tends to be from rural to urban areas (within country movement), and from developing to industrialized nations (Brush & Berger, 2002; Kingma, 2007). A more pejorative sentiment characterizes this migration as “a transfer of resources from the rudimentary and inadequate healthcare systems of poor nations to the modern healthcare systems of affluent countries” (Clark, Stewart & Clark, 2006, p. 49). Nevertheless, the migration of healthcare professionals is the result of a variety of forces

including political, social, economic, legal, historical, cultural and educational factors. Mejia, Pizurki and Royston (1979) have identified “push” and “pull” factors that account for decisions that healthcare professionals make when they consider to pursue employment elsewhere. Push factors are generally present in donor or host countries, while pull factors operate in receiving or destination countries (Kline, 2003). Normally, elements of both of these factors must be operating for migration to occur. Patterns of migration are sustained through networks that provide prospective migrants with information about job opportunities in destination countries as well as various forms of support to help adjustments after migration. In addition, a number of other contextual or facilitating forces must be present as well, such as government policies which promote migration; or the absence of legal, bureaucratic or other constraints that can impede it (Bach, 2003, 2004).

Human capital theorists suggest that migration occurs when the perceived cost of moving is less than the perceived cost of staying (Lowell & Findlay, 2002). Human capital theory proposes that wage differences are the major reason why people quit one place for another. Yet, this theory does not sufficiently explain why migration occurs in the absence of wage differences or why migration does not occur when wage incentives are comparatively more salient (Kingma, 2007). Other non-wage factors are sometimes more salient, exerting a strong push or pull on the potential migrant, while the presence of undermining factors such as a geographic, cultural, language and sociological distance from source to destination country acts to keep a migrant in their home country. Various social and psychic costs must also be considered when understanding why people remain in their home countries, even when wage differentials are present and when opportunities for otherwise desirable destinations are available. The psychic costs of leaving friends and family, and foregoing an established career are often significant factors in any decision to emigrate. Healthcare professionals who have made significant psychological investments in their career, friends and family may choose to remain in their home countries even when the financial benefits realized from emigration are significant.

Padarath et al. (2003) summarize this distinction when they suggest that “pushes” exist in both host and destination countries but are mitigated by “stick” factors in source countries and “stay” factors in destination countries. For instance, “stick” factors include psychosocial linkages and family ties, and the potential costs that are incurred by the individual when migration is undertaken. Positive “stay” issues may include the reluctance to disrupt family life, while negative “stay” factors includes the lack of employment opportunities at home, as well as social and political unrest.

Kingma (2001, 2006) has identified a number of incentives and disincentives that impact the migration of nurses from one country to another. Key incentives include better pay and working conditions, more enhanced career and learning opportunities, better living conditions, job security and

opportunities for family members. Key disincentives include language barriers, cultural and religious differences, and limited career opportunities. Kingma (2001), in reviewing the empirical research, concludes that pay, living and learning opportunities dominate as incentives for international migration of professional nurses, while language, family and religious difference remains a strong disincentive. Yet, why people migrate may be moderated by the general economic and social conditions of the host and destination countries. The potential for economic gain may not be the most important reason for people to migrate from source countries. Thus, “while language is considered by the high-income category as being a major disincentive for migration to and from their country, middle/low-income respondents rated this factor as negligible. Pay was clearly a much more powerful incentive to migrate from middle/low-income countries, while career opportunities were distinctly more valued in high-income countries” (Kingma, 2001, pp. 209–210). Pull factors that are present in developing countries may play a more powerful influence on individuals. For example, after adjustment for the cost of living, nurses’ salaries in Canada are more than double those of nurses in South Africa, fourteen times those in Ghana, and twenty-five times those in Zambia (Clark, Stewart & Clark, 2006, p. 42). Yet these compensation differences are not always significant predictors explaining migratory flows between one jurisdiction and another.

The real reasons why people migrate in search of employment are varied and often quite personal. Nurses and those in other healthcare professions daily make those difficult decisions to quit their home countries for a different life in another country. Some do so because they perceive better professional practice opportunities and better working conditions in the host country. Many nurses migrate in search of professional development opportunities that are not attainable in their current job or country. Many believe that they will be able to improve their own lives and those of their family by emigrating abroad. A number of push forces also factor in their decision to leave and go abroad. Some leave because of lack of employment or because of “underemployment” in their home country. The adverse political, economic and social conditions of their home countries also factor in their decision to leave. Professional nurses desire to work in places where they encounter less risk to their personal safety. Health and safety concerns of migrants, especially in those regions of the world that are marked by political and social instability, civil war, ethnic strife and turmoil, and where a collapsing public health system remains a major push factor – especially in sub-Saharan Africa.

Neocolonialism and nurse migration from sub-Saharan Africa

Sub-Saharan Africa faces a severe and monumental crisis in health human resources. The already inadequate health systems of Africa, especially in SSA, have been badly damaged by the migration of their health professionals

(Awases et al., 2003; Dovlo, 2007; World Health Organization, 2004). The World Health Organization (2004) has estimated that although SSA has about twenty-five percent of the world's disease burden, it possesses only about 1.3 percent of the trained health workforce. Overall, there are an estimated 750,000 health workers in a region that serves 682 million people. Taken as a whole, Africa has an average of one trained health worker per thousand population, while the World Health Organization estimates that the minimum concentration of health workers required to sustain basic public health services is 2.5 workers per thousand (Naicker et al., 2009).

The nursing workforce in SSA is a significant component of its healthcare workforce, estimated to be about forty-five to sixty percent of the entire health workforce. Nurse to physician ratios are generally quite high in SSA, indicating that nurses are generally responsible for a broader range of services than comparable nurses working in the developed world. However, the ratio of nurses to total population tends to be much lower than in most other developed nations. The human tragedy of the situation in SSA countries with very low concentrations of professional nurses (ranging from 0.3 to 4.0 nurses per thousand population) is that they serve a major conduit for nurse migration to countries in the developed world, which has nursing densities as high as fifteen nurses per thousand population. The supply of physicians in SSA is even more acute, where thirty-seven of forty-seven SSA countries do not have the minimum recommended WHO standard of twenty physicians per 100,000 population (Ogilvie et al., 2007, p. 115).

Alarming stories of out-migration from impoverished countries of sub-Saharan Africa to western industrialized nations, most prominently the United Kingdom, have garnered the attention of news media worldwide. In 2000, over 500 nurses left Ghana for employment in industrialized countries, a number that was twice the number of new graduates from nursing programs in the country (Buchan & Sochalski, 2004). In the impoverished country of Malawi, between 1999 and 2001, over sixty percent of registered nurses in a single tertiary hospital (114 nurses) left for employment in other countries, most notably South Africa and the United Kingdom, while a major hospital in that country reported that half its nursing posts were vacant with only two nurses available to staff a maternity ward with forty births a day (Kingma, 2007, p. 1287). Furthermore, it has been estimated that 30,000 nurses and midwives educated in SSA are now employed in seven OECD countries (Kingma, 2007, p. 1282). Some SSA governments unwittingly aid in the migration process. For instance, Zambia's recent policy of offering voluntary severance packages to government workers are inadvertently being used by nurses to offset their costs of emigration (Hamada, Maben & Hanson, 2009).

The impact of nurse migration out of SSA is having detrimental effects on health service delivery in these countries (Lewis, 2008). Staff shortages are the most direct consequences of out-migration and, as a direct result,

health systems are unable to deliver critical public health services to their citizens. The most highly skilled professionals, educators and specialists are most easily recruited out of SSA countries where their loss is most directly felt with devastating consequences. Financial losses to SSA countries include staff training costs, loss of professionals' contribution to their societies and the economy and the effects on populations denied health services (Dovlo, 2004). Martineau and Decker (2002) suggest that the economic losses to SSA countries are particularly acute – some \$US60 million in training investment was lost to health worker migration by Ghana, while physicians leaving South Africa between 1989 and 1997 caused a loss of \$US5 billion. It has been estimated that each migrating African health professional represents a loss of \$US 184, 000 to SSA countries, while these nations spend about \$4 billion a year on the consultant salaries of foreign experts (Eastwood et al., 2005, p. 1894). Although remittances made from ex-patriots to families in their host countries may be significant, it is often much less than the financial losses incurred by the lost investment in the training of leavers and the subsequent loss of their potential contribution to the national gross domestic product of SSA countries. Eastwood et al. (2005) suggest that the notion that repatriated overseas earning could make up for this deficiency is quite unrealistic, as there is no way of ensuring that private remittances will find their way into public investments in the healthcare system.

One of the major push factors for nurses and other health professionals in sub-Saharan Africa is the nascent HIV/AIDS epidemic. Nurses are particularly vulnerable to the impact of HIV/AIDS as their occupation increases vulnerability to infection and their workload expands as their coworkers become sick, die, seek alternative careers or move away. Approximately fourteen percent of professionally qualified health workers in South Africa are HIV positive (Ogilvie et al., 2007, p. 118), while Zimbabwe is reported to have one of the highest rates of HIV/AIDS in the world, with twenty-six percent of the population infected (Kline, 2003, p. 108). In sub-Saharan Africa not only are the health workers hard pressed to care for the expanding infected population of HIV/AIDS patients but the disease has also had a profound impact on the size of the pool of caregivers available to respond. Indeed, Botswana lost seventeen percent of its health workforce from HIV/AIDS between 1997 and 2005 (WHO, 2006). In addition, other communicable diseases, such as malaria and tuberculosis, are reemerging in SSA as public health threats.

Compounding the unrelenting public health challenges in sub-Saharan Africa is the unusual phenomenon of the unemployed nursing staff who are professionally qualified but unable to find paid work (Kingma, 2007). For instance, although half of all nursing positions in Kenya are unfilled, a third of Kenyan nurses are unemployed, while in South Africa there are 32,000 vacancies in the public sector, yet 35,000 registered nurses remain either inactive or unemployed. This paradox is characterized by nurses willing to work but refused posts by national health systems that are unable

to properly absorb them, not out of lack of need but increasingly out of a lack of funds. Compounding this problem is that accurate reports of nursing vacancy and staffing rates are hard to acquire and impossible to verify because “ghost workers” – persons who appear on payrolls but do not actually exist – block access to health worker positions. For instance, an estimated 5,000 ghost workers are said to exist in Kenya alone, a situation that worsens nurse to patient staffing ratio by providing the illusion that hospitals are better staffed when they are not (Kingma, 2007, p. 1287).

There is great difficulty in actually tracking the mobility relationships between source SSA countries and recipient countries. For instance, nurses from SSA may first travel to the United Kingdom (UK), work for a few years then move to Canada or the United States. Nurses from SSA countries may also be drawn to fill posts left vacant by UK nurses that have subsequently migrated to Australia or the United States. Because of increasing global labor restrictions on employing nurses from SSA countries, there is significant intra-African migration. For instance, seventy percent of requests for migration by Zambian nurses were intended for South Africa or Botswana (Dovlo, 2007, p. 1378). When nurses are recruited out of South Africa, their impact is felt all over sub-Saharan Africa as vacancies in South African hospitals can be made up from nurses fleeing the crumbling economy of neighboring Zimbabwe. Yet, many SSA countries send their migrant nurses directly out of Africa (Awases et al., 2004). For instance, Ghana’s verifications between 1998 and 2003 showed that only 0.8 percent of its nurses applied for South Africa, compared with eighty percent for the United Kingdom, while in Malawi, only 6.5 percent verified for other SSA countries, compared with eighty-two percent for the United Kingdom.

One of the strongest predictors for understanding the direction and magnitude of the migration of health professionals from SSA source countries reflects historical colonial ties. An important factor for sub-Saharan Africa is that all nursing schools educate their students, and use textbooks, in the European language of their colonial masters. Colonial ties are major factors which historically shape migratory patterns. For instance, those who learn in English find it easier to immigrate to an English speaking country, and those who have learned in French (i.e., Senegal, the Congo and the Republic of Cameroon) and have strong colonial ties to France (or Belgium) and thus show higher rates of immigration to French-speaking nations, while those who learn in Portuguese (i.e., the Republic of Mozambique) demonstrate higher rates of immigration to Portugal. Nursing curricula in many SSA countries are often borrowed intact from host countries, facilitating migration. For instance, nursing schools in Ghana, Uganda and South Africa employ curricula and instructors that have been trained under British systems of nursing care, increasing the probability of success for graduates to obtain the proper licensure to practice nursing in the United Kingdom (Buchan & Calman, 2004).

More than a dozen countries from sub-Saharan Africa share a colonial history with Great Britain, the most of any other colonial power. The pivotal role of the United Kingdom in fomenting the exodus of nurse migration out of SSA is well-established (Buchan, 2003, 2007). Patterns of educational instruction and social and economic organization are generally established at the time of colonization by the colonizing forces and many aspects continue to this day. Patterns of trade and historical economic development reflect colonial ties and interests. Yet, colonialism can also be understood as discursive forces of imperialism on conquered peoples (see Memmi, 1965). Peet and Hartwick (2009) contend that imperialism represents a “system of state administration by the colonial power organized around the extraction of resources,” including human resources (p. 165). Post-colonialism deals with the cultural legacy of colonial rule and refers to the resultant cultural identity of colonized societies. This is often reflected in the ways in which knowledge of the colonized (subordinated) peoples is generated and used or usurped to support and advance the interests of the colonizer. This “extraction” of labor from colonized to the colonizer (from the periphery to the economic center) is both real and significant. For instance, Clark, Stewart and Clark (2006, p. 46) report that between 1993 and 2004, some 6028 South African nurses left to seek work in the United Kingdom, while Zimbabwe contributed 1651 nurses, Nigeria 1496 nurses, Ghana 660 nurses, Zambia 444 nurses, and the former colony of Kenya contributed 386 nurses.

Neocolonial legacy: racism and the commodification of female labor

Nursing human resources are almost exclusively women. Feminist discourses suggest that the sourcing of nurses on a global basis reinforces the sociopolitical notion of “women” as commodities (Cutcliffe & Yarbrough, 2007a, 2007b). Along with other commoditized forms of female labor (sex workers, nannies, child care providers), globalization unleashes forces that facilitate the manufacturing of human resource commodities for trade. Keeble and Ralston contend that globalizing influences on human labor have the potential to create conditions that “like any commodity that is traded, be it on the open market and sanctioned by governments, or clandestinely and illegally by criminal organizations, a women’s body essentially becomes a product . . . stripped of human dignity” (quoted in Cutcliffe & Yarbrough, 2007b, p. 927). The ability to migrate may provide new opportunities for women to escape traditional controls that emanate from their originating societies that may be ostensibly patriarchal in nature, yet they remain open to exploitation by other forms of control that are manifested by discursive labor policies in destination countries and by discriminatory workplace practices of their new employers.

One of the earliest encountered sources of exploitation for SSA nurses is at the hands of healthcare recruiters who make promises of easily acquired licensure and registration formalities in destination countries (Lee & Mills, 2005). Difficulties in securing the appropriate licenses and approvals required by migrating nurses to work in western industrial countries has been well-documented in Canada, in the United Kingdom, the United States and other regions (Blythe et al., 2009; Xu, Xu & Zhang, 1999). Many professional nurses that arrive from international destinations experience true hardships in securing the requisite licenses to practice their professions. Although countries such as the United Kingdom and Canada do not necessarily require professional nurses to take or retake examinations before taking up nursing positions, as is the practice in the United States, many nurses contend that their educational qualifications are often viewed by their employers as substandard. This results in a significant under-employment of immigrant nurses who are often assigned nursing job tasks that reflect lower-ordered scopes of practice. There is some evidence that internationally educated health professionals who experience difficulties in securing the necessary license to practice have higher rates of unemployment as well as under-employment, resulting in a form of "brain waste" that occurs when professional nurses quit their profession (Blythe & Baumann, 2009). There are significant barriers to international nurses' workplace adjustment (Kawi & Xu, 2009). Internationally educated nurses report inadequate pre- and post-arrival orientations (Blythe et al., 2009); lack adequate support from staff, colleagues and supervisors in the adjustment to the new work environment (Alexis & Vydelingum, 2009); experience language and communication barriers that inhibit their effectiveness on the job (Yi & Jezewski, 2000); do not always understand differences in the cultural practices of the destination country (Allan, 2007); experience real differences in how nursing is practiced from their experiences back home (Buchan, 2003); and experience significant inequality of opportunity for training and advancement (Hagey et al., 2001). Many internationally trained nurses of color report experiencing racism for the very first time in their lives after taking up their posts in western industrial countries (Likupe, 2006).

Global shortage of registered nurses: policy options for developed countries

The widespread migration of nurses from sub-Saharan Africa reflects a global shortage of nurses that is affecting the healthcare systems of developing as well as developed countries alike. For instance, Aiken (2007) reports that in the United States, a looming projected shortage of nurses could reach 800,000 by 2020 (p. 1300); at the same time, in Canada, the Canadian Nurses Association predicts a shortfall of 78,000 registered nurses by 2011, growing to 113,000 by the year 2016 (Canadian Nurses Association, 2002). The

United Kingdom, Australia and New Zealand also report significant shortfalls of registered nurses that are expected to persist into the foreseeable future.

Globalization implies that the market for health human resources will increasingly remain highly integrated. Yet developed countries must no longer be allowed to “fix” their existing shortfall of nurses through the adoption of policies aimed at poaching nurses from sub-Saharan Africa (Lewis, 2008; Singh et al., 2003). The decision by many governments in developed countries to restrict the number of available places for students of nursing must not be offset by increasing recruitment from the developing world (OECD, 2008). By increasing the domestic supply of nurses, developed countries would be less likely to see nurses from the developing world as an appropriate solution to counter shortages. Governments and schools of nursing in developed countries also need to work with their counterparts in SSA nations to improve the quality of training with the goal of improving nursing retention. Policies that increase the potential for return migration (brain circulation) for nurses should be favored. Nursing personnel shortfalls experienced in the developing world are strongly influenced by conditions and labor flows that emanate in western industrial countries. Many countries, including western developed ones, are attempting to redress some of the overtly ethical issues associated with the recruitment of nurses from developing countries through the promulgation of ethical recruitment guidelines and codes that restrict active recruitment from designated countries (Buchan et al., 2009; Singh et al., 2003). Recruitment codes tend to be voluntary (and not legally enforceable), and given that much recruitment of nursing in the developing world is done under the auspices of private (for-profit) recruitment agencies, codes have to date had only limited impact in stemming the exodus of nurses out of SSA (Buchan, 2010).

More promising is the use of bilateral and multilateral agreements between developed and developing nations (Labonte et al., 2006). These agreements would create opportunities for nurses in SSA to study or work in the developed countries for a time before returning to their home countries. Such government-to-government agreements would entail measures for “managed migration” so that there would be no or little permanent net loss to source countries (Agunias, 2006; Haour-Knipe & Davies, 2008). In Africa, the New Partnership for Africa’s Development (NEPAD) strategic framework has recognized the profound significance of health worker migration on the continent’s overall health and is increasingly committed to seeking international agreement on the ethical recruitment of health professionals, while at the same time putting into place mechanisms to address adverse working conditions of health professionals that push nurses to migrate (New Partnership for Africa’s Development, 2005). Private recruitment agencies are also beginning to facilitate the return of nurses, in collaboration with officials from countries of origin and destination and with international organizations.

McIntosh, Torgerson and Klassen (2007) contend that certain essential principles should guide the formation of recruitment guidelines for international healthcare personnel, especially those from developing jurisdictions. These should reflect notions of global justice, personal autonomy for everyone to be able to determine one's destiny, transparency and accountability in their application, fairness in process and outcome, mutuality of benefits and reciprocity between countries or jurisdictions, provider competency, equitable workplace practices, and workplace and cultural integration. The effective promulgation of such policies would go some distance in redressing many of the challenges posed by the global movement of nurses and other healthcare personnel.

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4

Development Discourse and Practice: Alternatives and New Directions from Postcolonial Perspectives

Paul F. Donnelly and Banu Özkazanç-Pan

Introduction

Development and aid programs, such as those aimed at promoting economic growth and prosperity in “Third World” nations and transition economies, often arise out of Western and neo-liberal policy ideologies and practices. These programs may, in some cases, provide useful guidelines for restructuring institutional structures and governance mechanisms in nations that have long struggled with poverty, economic instability, health crises, and social and political turmoil. However, a growing number of critical voices are raising concerns over the guiding assumptions and inclusiveness of these policies and programs in their aims to promote economic development and social well-being in non-Western nations.

Critics of international development portray it as a patriarchal form of (neo)colonialism, imperialism, racism, intervention, domination, power, and control (e.g., Burgess, 1996; Escobar, 1995; Goldsmith, 1996; Rahnema, 1997). Critiques of the “Westernization of the world” (LaTouche, 1993) have come from a number of positions, including post-development theory (Nandy, 1992; Rahnema and Bawtree, 1997), Foucauldian deconstruction (Sachs, 1992; Escobar, 1995), economics (Schumacher, 1973; Sen, 2000; Stiglitz, 2003), spirituality (Srikantia and Parameshwar, 2008), and monetary theory (Rowbotham, 2007), along with the work of such authors as Perkins (2004) and Klein (2007). As Escobar (1995: 53) sees it:

[d]evelopment assumes a teleology to the extent that it proposes that the “natives” will sooner or later be reformed; at the same time, however, it reproduces endlessly the separation between reformers and those to be reformed by keeping alive the premise of the “Third World” as different and inferior, as having a limited humanity in relation to the accomplished European.

We join these critical perspectives by way of postcolonial frameworks to highlight some of the problematic assumptions and oversights of development programs, while offering new alternatives and directions. By doing so, we contribute to organizational theorizing in a global context, as postcolonial insights provide much needed engagement with international aid policies and programs, as well as development organizations and institutions. To accomplish this, we offer a historical perspective on development, present a critique of the policies and practices guiding many aid programs, and conclude with suggestions emanating from postcoloniality.

The “poverty reduction industry”

The large-scale international development industry emerged in the wake of World War II with the creation of the World Bank and International Monetary Fund. As an idea, development often entails a teleological belief in advancement toward the kind of economy and society to be found in the “highly-developed” West (Castles, 2001). Imbued with such a belief, international development has come to be widely criticized, largely because it “has been and still is the *Westernisation of the world*” (LaTouche, 1993: 160, emphasis in original), in so doing privileging the “developed” to act upon and translate the realities of the “less developed” to make them more like the West. According to Nederveen Pieterse (2000: 182),

development thinking is steeped in social engineering and the ambition to shape economies and societies, which makes it an interventionist and managerialist discipline. It involves telling other people what to do—in the name of modernisation, nation building, progress, mobilisation, sustainable development, human rights, poverty alleviation and even empowerment and participation (participatory management).

Consequently, international development amounts to a one-way transfer of knowledge from developed to less developed countries, imparted by an army of largely Western capacity building experts. The view that the West knows best and the Western way is the best serves to disadvantage and denigrate indigenous ways of being and doing. In essence, the less developed need rescuing because they are in a lamentable, primitive condition. Referring to what he calls “philanthropic colonialism,” Buffet (2013) notes that

[p]eople (including me) who had very little knowledge of a particular place would think that they could solve a local problem. Whether it involved farming methods, education practices, job training or business development, over and over I would hear people discuss transplanting what worked in one setting directly into another with little regard for

culture, geography or societal norms, and often with unintended consequences. This top-down model of development creates dependency and impoverishes indigenous communities through eroding their capacities and esteem to develop their own solutions according to their own needs and consistent with their own cultures.

Of course, the less developed are not the ones who have defined their situation; rather, it is the West that has defined them so (Sachs, 1992). Norberg-Hodge (1992) noted that the people of Ladakh, in the Indian state of Jammu and Kashmir, never saw themselves as poverty-ridden until they were exposed to the binary paradigm of development and underdevelopment. Seeing themselves through the lens of this Western social construction, they began to see themselves as underdeveloped and, thus, in need of help. But, what if the rest got to define the problem? Might the rest define it as a problem of greed and so prescribe a dose of “greed alleviation” for the West? (Osho, 2004; Parameshwar, Srikantia and Heineman-Pieper, 2009).

International development is doing the opposite of what it claims; it is exacerbating poverty, rather than reducing/eliminating it. Given the industry’s proclivity to adopt and apply corporate management knowledge and practices (Shivji, 2008), if the survival of organizations involved in international development were to be judged on achieving their goal of poverty elimination, they would have been closed down long ago given their failure. As Warah (2008: 9) observes,

the development industry is perhaps the only industry in the world where results – or the bottom line – do not determine whether or not it will survive. If results mattered, then many donor agencies and NGOs would have closed shop years ago when confronted with the fact that their work had neither reduced poverty in many countries nor had it made people living in them less dependent on aid – which, ultimately, should be the main objective.

Indeed, there is considerable irony in the West considering itself competent to prescribe how the rest of the world should develop, given the West’s record of economic mismanagement, rampant and unsustainable consumerism and materialism, and so on. While “Albert Einstein said that you cannot solve a problem with the same mind-set that created it,” Buffet (2013) notes that “the charitable-industrial complex” searches for answers with the right hand to problems created by the left. There is further considerable irony in the comfortable work spaces and lifestyles of the international development institutions and organizations when set against the much more modest surroundings and lifestyles of the people they purport to help, even more so when set against the austerity of structural adjustment

programs they require, which have only served to further impoverish those they have classified as poor and in need of help. As noted by Parameshwar, Srikantia and Heineman-Pieper (2009: 11),

the contradictions of international development work can be experienced just by entering the luxurious atrium of one of the most prominent international development institutions, whose glittering walls are inscribed with sanctimonious proclamations about alleviating poverty. A five-star hotel style lobby, decorative fountains, and a basement studded with dozens of restaurants serving cuisine from all over the world is suggestive of an addiction to opulence . . . The global institutional architecture that has been designed ostensibly to combat global poverty has created a wealthy “poverty reduction industry” with its own lifestyle, ideology, personnel, and methodologies.

This observation is echoed by Pawson (2008: 113) when it comes to expatriate development workers on the ground: “From the moment a Western aid worker arrives in Africa, he or she joins the upper echelons of the social and economic hierarchy. His or her living standards are on par with the local elite – a far cry from the average African household.” As such, Pawson (2008: 116) notes, the lifestyle enjoyed by expatriate development workers is beyond the reach and dreams of most Africans. Even the local development workers are treated differently, something Pawson (2008) refers to as “charitable apartheid”: there are discrepancies between the remuneration, lifestyles and protection of expatriate and local workers.

As Parameshwar, Srikantia and Heineman-Pieper (2009: 11) see things, the Western approach to development denigrates the reality of the non-Western “Other” through treating people as objects (as opposed to persons in and of themselves), focusing on scarcity-based problem solving (as opposed to an abundance-based appreciative valuing), privileging the prescriptions of Western experts (as opposed to valuing organic, grassroots-based, indigenous approaches), and asserting a need to have so as to be able to do in order to be (as opposed to recognizing and cultivating “being” as the source of human possibility).

Participatory development: a new orthodoxy?

The roots of participatory development can be traced back to the 1970s (Cornwall, 2002), when it emerged as an alternative to mainstream top-down development (Mohan, 2008). Contu and Girei (2014) trace its consolidation at the highest institutional levels to the emergence of partnership as a key term in the World Bank’s *Partnership for Development* documents (World Bank, 1998a, 1998b). Declaring that “the challenges of

development . . . can be tackled only through partnership” (World Bank, 1998a: 1) meant governments and people “must be in the driver’s seat” (World Bank, 1998a: 1, 3) of their own development. This signaled a move away from the Washington Consensus, which imposed structural adjustment programs on recipient countries in return for loans in the 1980s and 1990s, to a post-Washington Consensus with recipient governments and communities in the driver’s seat:

Stakeholder participation in the design and implementation of the programs and projects is an important feature of ownership, as such, an additional key to increasing development effectiveness. Those affected by the provision of aid need not only to be consulted. They also need to be part of the decision-making on the use of the aid in a true partnership relation. (World Bank, 1998a: 8–10)

Kapoor (2005) notes that the field of international development has a reputation as a Trojan horse, which it increasingly finds difficult to shake – a reputation that shadows its latest orthodoxy, participatory development. At one remove, participatory development, embodied as it is in the likes of the World Bank’s Poverty Reduction Strategy Paper (PRSP) process, seems to be a move away from the failed top-down approach to development. With recipient governments preparing the PRSPs “through a *country-driven* process, including broad participation that promotes *country ownership* of the strategy and its implementation” (World Bank, 2001: 1, emphasis in original), participatory development seems to offer the promise of abandoning neocolonial tendencies, Western values, and centralized decision making in favor of a bottom-up approach that promotes empowerment of local communities and country ownership of development.

Laudable as all that sounds, however, participatory development faces criticism that the results have been disappointing to date (Thirkell-White, 2009): it reconfigures power and value systems to the point of being exclusionary, even tyrannical (Cooke and Kothari, 2001; Kapoor, 2002; Mosse, 1994); it is a more advanced, yet subtle, form of neoliberalism intended to afford an old agenda both legitimation and institutional embedding (Craig and Porter, 2005; Ruekert, 2009; Weber, 2006); it is an intensification of barely modified neoliberalism (Cammack, 2009); it overlooks patriarchal structures, thereby reinforcing gender bias (Parpart, 2000); and it falls short in tackling both class inequalities and the harmful effects of macro-socioeconomic structures (Mohan and Stokke, 2000). Further, Kapoor (2005) criticizes participatory development for its narcissistic samaritanism, its fantasy of consensus, its packaging and branding, its panopticism, and its conditionality.

As an approach to include the knowledge and opinions of rural communities in the planning and management of development projects and

programs, Participatory Rural Appraisal (PRA) is premised on “the Freirian theme that poor and exploited people can and should be enabled to analyze their own reality” (Chambers, 1997: 106). While the approach “appears immaculate, founded as it is on enabling unadulterated participation” (Kapoor, 2005: 1207), in practice, community fora are often managed by a Western convener or facilitator “deciding on the need for, and purpose of, the meeting; selecting whom to include/exclude on the invitation list; making up the agenda; choosing which participants speak, on what topic and for how long; and/or shaping the form and use of the meeting outputs” (Kapoor, 2005: 1207).

Consensus is considered one of participatory development’s main objectives, with collective decision making reached following key community stakeholders having their say in light of the information available to them. Thus, the resulting action purports to be reflective of the interests and needs of the community, and not of prescription. However, “the quality of the consensus and the power relations involved in reaching it are crucial” (Kapoor, 2005: 1209). Decisions could be compromised through inadequate participation, such as the community being consulted after the program goals have been set or majority voting substituting for meaningful deliberation. Kapoor (2005: 1210) notes the potential for micro-power processes to come into play through, for example, rhetorical devices (“polemical or sensationalist arguments, technical or esoteric language, misrepresentation or over-representation of evidence, loud or aggressive speech, monopolisation of air time by a participant”) exerting undue influence on opinion or suppressing and coercing community members, or “experts” being invited to meetings to sway the community. Thus, Kapoor (2005: 1210) argues, the “tendency of consensus making is towards closure, and hence towards the privileging of some voices, and the simplification, suppression and exclusion of others.”

When it comes to institutional arrangements, Kapoor (2005) notes that participatory development must adhere to a range of bureaucratic demands, such as collecting statistics to fulfill reporting requirements, meeting budget deadlines, and abiding by procedures for review and approval. Participatory development thus becomes a management tool, which can be molded to suit institutional needs. Further, as a very marketable new trend, participatory development “turns attention away from the ‘old’ (recurring problems, challenges), mobilizes new energy and resources, and inaugurates a ‘fresh’ start; and so the development machine keeps turning” (Kapoor, 2005: 1211). Given that it is amenable to being managed and marketed, argues Kapoor (2005), participatory development is attractive because it both protects and enhances institutional authority, with community empowerment a secondary consideration. In essence, then, participatory development allows communities to “participate” in what remains, first and foremost, a top-down approach masking as bottom-up.

Given that participation is public, community members are exposed to the panoptic gaze (Foucault, 1979): participatory development's "public and panoptic character mean that power relationships are reconfigured, affecting the way people interact, information is expressed and knowledge is exchanged" (Kapoor, 2005: 1212). This reconfiguration happens within the context of established community relations, with elites seeing and seizing opportunities to manage dissent and manufacture consent, and community members internalizing the new status quo through self-discipline. Thus, preferences and biases become misinterpreted as consensus, community will or traditional knowledge.

From a position of anathema, institutions such as the World Bank and International Monetary Fund (IMF) have moved not only to embrace participation but also to make it a condition of assistance (Kapoor, 2005). Thus, to receive assistance, governments must partner with civil society organizations when developing their poverty reduction strategy. However, Mercer (2003) contends that community involvement amounts to little more than persuading community members as to the desirability of what has already been agreed at the top. Thirkell-White (2009) notes that participation in PRSP documents constructs the poor as an interest group whose voice, which is primarily filtered through development NGOs, is limited to the creation and evaluation of national poverty strategy or in local level participatory planning processes that unfold within a framework already decided by the World Bank or IMF. Accordingly, as Kapoor (2005: 1214) observes, the "erstwhile top-down structural adjustment regime is thus reconfigured to the specifications of the new [participatory development] regime."

To join these ongoing critical perspectives, we draw from postcolonial theorizing as means to further the discussion around development and aid policies. This approach is important given that the approaches undertaken by supranational institutions, such as the IMF and World Bank, have hitherto resulted in unidirectional information flow in their Western neoliberal aims to replicate development ideologies and instill institutional practices in non-Western economic, sociocultural, and political contexts.

Postcoloniality and knowledge transfer: development policies reconsidered

Despite differences in the analyses and methods, collectively, most postcolonial scholars address the textual and material consequences of historic and ongoing encounters between the West/Rest in economic, political, and sociocultural dimensions (Bhabha, 1994; Said, 1978; Spivak, 1985, 1988, 1999). Within this context, postcolonial critique raises concerns over the constitution of knowledge on/about the non-West by demonstrating how such knowledge is based on Western modernist philosophical assumptions that

can efface other ways of understanding the social world (Loomba, 2005). As such, scholars critique the production of knowledge *by the West about the non-West*, as such propositions often portray the non-West as backward and in need of Western knowledge (Said, 1978). In other words, postcoloniality brings to bear the voice of the non-West and non-Westerner in encounters between different people in the world.

While postcoloniality has recently entered the broad organization studies field as means of critique, particularly with respect to the guiding assumptions of managerialism, it remains underutilized in the international business and management literature, despite some notable exceptions (Banerjee and Prasad, 2008; Frenkel, 2008; Joy and Poonamallee, 2013; Özkazanç-Pan, 2008; Westwood, 2006). Within this vein, and in relation to the development focus of this chapter, a useful application of postcolonial perspectives is the critique of knowledge transfers in international contexts (Mir, Banerjee and Mir, 2008; Mir and Mir, 2009).

In contrast to existing approaches to development, a postcolonial approach signals recognition of the ways in which the production of knowledge and the discourse of “knowledge transfer” is already a cultural enterprise such that it involves “worlding the world” (Spivak, 1990). Knowledge transfer with respect to aid and development, then, is a dialectic process and contestation over meaning, authority, and expertise between those who produce knowledge and those who are subject to it and the subjects of it. That is, knowledge transfer is in itself an epistemological practice by funding institutions (e.g., World Bank) in an attempt to “control” the interpretation of ideas and diffusion of business practices in different nations. Through the institutionalization of knowledge transfer as a normative practice, development programs undertaken by international aid organizations and institutions aim to sediment their role as the hegemonic knowledge centers relevant to those receiving the aid (i.e., non-Western nations and people). While this may produce effective control and coordination for donors and institutions, local and historically grounded ideas and practices available from cultural “Others” may become silenced under these conditions. Moreover, the inability or unwillingness of development programs to recognize that people may have different interpretations of the ideas and practices being disseminated as “knowledge” (see Bhabha, 1994) can lead to failures in, and resistances toward, knowledge transfer. In effect, development knowledge transfer mechanisms deployed through governance structures and adjustment policies can become colonizing toward the recipients. Beyond critique, we offer three insights that are relevant for development and aid programs emanating from postcolonial thought.

First, postcoloniality offers a historical perspective such that development programs need to be produced and implemented with consideration of the historical context in which they will be implemented. In other words, programs that may have worked in one nation are not necessarily transferable

to other nations, locations, cultures, or economies. They cannot be undertaken through mimicry (Bhabha, 1994). Rather, they need to be grounded-locally, context specific, and appropriate for the economy and people in question. This is an important consideration for the successful production and implementation of economic and social development programs, as many adjustment policies offer a one-size-fits-all recipe without an understanding or consideration of the realities facing people in the nation receiving development money, assistance, and aid. By understanding the specific context, including its sociocultural, political, technological and economic dimensions, development programs can become much more effective in delivering outcomes and institutional change within nations. Yet, there is more than a historical perspective that is required to impact change that is beneficial and equitable for all.

Postcoloniality reimagines the notion of knowledge, and this is key for development programs that may already be based on Western neoliberal notions of economic success. To this end, postcolonial perspectives underscore the importance of local and culturally appropriate practices as knowledge, rather than the imposition of institutional and organizational arrangements based on neoliberal ideologies. Recipients of development programs would be considered knowledgeable, as much as their Western counterparts, such that their voices would be included in the policy and decision-making phases, as well as during implementation. More importantly, postcoloniality underscores the idea that imposing ideologies and practices from the West, or donors more generally, can efface and marginalize local knowledge relevant for successful social and economic development. Thus, leaving out the intended recipients from the decision-making process would work to disenfranchise people and could lead to inequalities between wealthy and impoverished nations, as well as exacerbate inequalities within nations.

On this last point, postcoloniality offers a complex view of the social world such that the notions of inclusiveness and participatory development programs become complicated. One of the most important areas in development is gender. While there have been gains made in addressing the gender dimension of aid and development programs over the past three decades across a variety of lending and aid institutions (i.e., World Bank, IMF, Organisation for Economic Co-operation and Development, United Nations Development Program), outcomes for women under adjustment policies and programs still do not necessarily mean the end of gender and economic inequality. Postcoloniality brings to bear the notion that not all voices are heard or valued as equal in the conversation on development and, within this context, women's voices are rarely included. Consequently, development goals focused on economic outcomes need to be (re)considered with a focus on gender equality and women's empowerment, as these goals yield successful returns for individuals, groups, and nations.

Conclusion

The international development rhetoric is replete with such concepts as participation and empowerment (Sachs, 1992), albeit they do not make it into practice. Indeed, the rhetoric of participatory development does not follow through in practice; rather, it sustains the hegemony of the Western way. Thus, while international development institutions and organizations recognize the value of including communities in the process, the reality of that inclusion is not as participatory or self-directed.

Appadurai (2001) has noted that the so-called poor continuously demonstrate extraordinary creativity and resourcefulness in developing novel solutions to their own problems, in so doing demonstrating greater competence than both governments at the local or national level, and international development institutions and organizations. Seeing the world as “a global learning community in which societies find respectful ways of understanding what gives life and vitality to one another without the morally absurd, hierarchical labeling of some countries as ‘developed’ and other countries as ‘developing,’” Parameshwar, Srikantia and Heineman-Pieper (2009: 12) posit that it may be preferable for the poor themselves to lead poverty alleviation, such that the rich can focus on alleviating their greed.

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5

Reviving Hearts and Souls in Managers: A Ghazalian Sufi Perspective

Farzad R. Khan and Rabia Naguib

Introduction

Maurice Punch in 2000 summed up the consensus in criminology on the state of ethics among managers as follows:

Business crime and corporate deviance have been relatively neglected by social scientists . . . In criminology, for instance, this is surprising because managers and corporations commit far more violence than any serial killer or criminal organization. That violence is quite widespread and highly damaging. It is perpetrated during the ostensibly normal and legitimate conduct of business and the offenders are often well educated socially acceptable citizens who routinely distance themselves from the notion of criminal behavior and criminal identity. (Punch, 2000, p. 243)

The ensuing decade with one corporate scandal (e.g., Enron) following another (BP's oil rig disaster off the Gulf of Mexico) added further corroboration to this verdict on the shoddy state of managerial ethics. If there were any doubts on this issue they seem to have been laid to rest in the wake of the 2008 Global Financial Crisis.

This crisis in managerial ethics has not gone unnoticed in the international management field. In engaging with this crisis in managerial ethics, the international management field is realizing the need to question its most fundamental presuppositions about business ethics and corporate social responsibility and to learn from insights belonging to non-Western approaches for combating this crisis. For example, Jones and Millar (2010, p. 1) argue that "dominant approaches to business ethics and corporate social responsibility are, if not correct, at least in need of revisiting in terms of questioning their basic assumptions." They go on to make the case that a genuine engagement needs to be made with non-Western views in business ethics instead of the "smugness of Western (especially Anglo-American) attitudes towards other ways of thinking, valuing and organizing" (Jones and Millar, 2010, p. 1).

In this chapter we respond to this call of bringing in unconventional and non-Western approaches into the conversation on how managers' hearts and souls can be revived (i.e., how managers can be made into exemplary ethical beings with hearts and souls revived and ready to respond to ethical imperatives). The non-Western approach we have in mind is Sufism, the Islamic mystical tradition that aims to inculcate an exemplary virtuous character in a human being modeled on the life of the Prophet Muhammad (peace be upon him) (Yusuf, 2004).

We will introduce in this chapter the ideas of one of the greatest Sufi saints and scholars in Islamic history, Imam Abu Hamid ibn Muhammad Al-Ghazali (d.1111 CE), in order to see what new insights can be gained from Al-Ghazali's thoughts in reviving the hearts and souls in managers so that the current managerial ethical crisis plaguing us can be mitigated and future ones can be averted. We do this by performing a close reading of the text "Letter to a Disciple." This text is considered the last major work of Al-Ghazali. This text written a few years before his death in 1111 CE (Al-Ghazali, 2005) is considered by several Western scholars (e.g., see commentary by Tobias Mayer in Al-Ghazali, 2005) and *ulema* (religious Islamic scholars; Ahmed, 2010) as the distillation and essence of Al-Ghazali's thoughts on Sufism. From our close reading of the text in question we extract and articulate the main dimensions constituting a "Ghazalian Sufi Perspective" on transforming managerial ethics. In this process we also comment on what insights can be drawn from an ethics informed and inspired by an Al-Ghazalian Sufi perspective to improve the state of managerial ethics in organizations.

Before discussing Al-Ghazali's Sufi perspective on ethically transforming managers we would just like to state that we are cognizant of the fact that we are the ones constructing it. We do, however, hope our construction is faithful to Al-Ghazali's ideas and simultaneously helps open up new spaces and resources in international management's imagination on Sufism and its potential for informing key ethical debates in this field and in the wider business ethics literature (e.g., on the contemporary crisis in managerial ethics).

An Al-Ghazalian Sufi perspective on managerial ethical transformation

Other-worldly motivations

One of the two key dimensions comprising an Al-Ghazalian perspective on managerial ethical transformation is other-worldly motivations. For Al-Ghazali, motivations for ethical transformation are profoundly other-worldly. The text is replete with allusions to God (Allah in Arabic), hell fire, and heaven in discussing the imperative for ethical transformation.

Life is no jest according to Al-Ghazali. If one lives a life in disobedience to Allah then what awaits one is utter loss in the next world. Al-Ghazali

unapologetically puts this point forward on numerous occasions. For example, relying on a Prophetic narration he bluntly states that “Whoever passes forty [years of age] without his virtue overpowering his vice, let him get ready for hellfire!” (Al-Ghazali, 2005, p. 4). Similarly, in another part of the text, he instructs his disciple that should he be forced to preach he should not shy away from admonishing his audience with these other-worldly realities:

The idea of admonition is for the worshipper to recollect the fire of the hereafter . . . and consider what difficulties lie before him such as the absence of firmness of faith in his life’s final moments, the nature of his state in the clasps of the Angel of Death. (Al-Ghazali, 2005, p. 48)

Individuals brought up in the West may have been raised to think about Sufism as undiluted love of everything. As such, those same individuals might have a hard time understanding these sentiments and may believe that Al-Ghazali is over-doing it a bit with his fire and brimstone discourse. Al-Ghazali, being the prescient Sufi, anticipates these concerns and addresses them as follows:

You should evoke in them love of the afterlife and loathing for the world. You should teach them about worship and asceticism. Do not allow them to be complacent due to the kindness of God the Exalted (Glorious and Majestic) and His mercy, since predominating in their natures is disinclination from the path of the Law [Islamic Law i.e., the Shari’ah], drive in what displeases God the Exalted, and getting tripped up by bad morals. Put fear into their hearts, alarm them and put them on their guard regarding the dangers they will face. Perhaps their inward qualities will be transformed, and their outwards behaviour exchanged—“acquisitiveness” and an “appetite” for obedience, and for repentance from disobedience, will appear. (Al-Ghazali, 2005, p. 52)

Of course, Al-Ghazali is not arguing for preaching self-righteous zealotry. As a Sufi, Al-Ghazali is aware of the dangers of pride. Moreover, in the text he encourages humility in oneself and “mildness” (Al-Ghazali, 2005, p. 38) when dealing with other human beings. Nonetheless, it appears quite clear that he himself takes the other-world quite seriously and as the immediate passage above indicates believes that reminding one and others about the rewards and punishments that await human beings in the next life are effective motivators for spurring ethical actions. Whether one agrees with this view for transforming human souls (which appears quite indisputable from the foregoing) is that the need or motivation to being ethical for Al-Ghazali stems from other-worldly concerns such as God, heaven and hell. And according to Al-Ghazali it is these other-worldly concerns that can revive

the hearts and souls in human beings (including managers), and encourage them to walk the straight and narrow.

For theistic (i.e., believing in God) Muslim and non-Muslim managers, an ethical perspective that taps into their other-worldly concerns may indeed motivate them to do the right and true. But what about managers who are non-believers, who do not believe in God or if they believe in God do not buy into the whole heaven and hell judgment day business? Is there any purchase for them from this dimension of other-worldly motivations in terms of ethically transforming their lives for the better?

Undoubtedly an Al-Ghazalian perspective will have its greatest force on theists, especially those who share Al-Ghazali's imaginative universe of the life to come. Nonetheless, managers who do not subscribe to theistic other-worldly realities can also extract some ethical mileage from becoming cognizant of other-worldly concerns. This is because discussions on the other-world often bring into sharp relief one's own mortality and one's eventual death. For example, in a passage cited above where Al-Ghazali is referring to hell fire he is also in the same breath making allusions to the angel of death and one's spiritual state at the time of death.

Recollections of death and reminder of one's mortality can help managers regain perspective and moral clarity. By being confronted by their own mortality, managers may realize that whatever they gain through unethical means in life, they will at death have to leave it behind. That may raise the question: why bother chasing after something from which you will eventually part? In the evocative words of Al-Ghazali, "Live as long as you want, but you must die; love whatever you want, but you will become separated from it" (Al-Ghazali, 2005, p. 14). This awareness of one's eventual death can reduce the motivation for unethical behavior because one comes to grips with the reality that the pleasures so ill-gained will indeed be short-lived. Why then bother destroying one's own soul for a momentary gain?

Of course, constant reminders of death can provoke the opposite response. Managers might decide to live it up as if there is no tomorrow and maximize all possible pleasures and sensations in every waking living moment left. This can and does happen. But the opposite can also and does happen where to quote the Prophetic statement, "Remember often the Ender of Pleasures [i.e., death]" (cited in Al-Ghazali, 1995, p. 9). Death can also remind people to move away from transient pleasures and focus on things that matter such as making amends with and improving one's relationships with fellow human beings.

Our point here is not to decisively conclude how managers will react when confronted with the reality of their eventual demise. Rather, our point is a more modest one. That is to show that other-worldly motivations hold the potential to inspire non-theistic managers toward higher levels of ethical behavior. They do so by indirectly reminding such managers of their own mortality. This realization in turn helps them resist temptations to unethical behavior because awareness of their own mortality helps them

realize that what is (unethically) gained will be lost at death and they will not be around forever to enjoy it. Thus, this dimension can be argued to have some relevance for ethically transforming even those managers who do not subscribe to other-worldly realities.

This-worldly actions

Al-Ghazali's emphasis on other-worldly concerns helps us better understand his theocentric definition of Sufism and why he accords God and God's Law (i.e., Islamic Law, the *Shariah* in Arabic) such centrality in his understanding of Sufism:

Sufism has two characteristics: correctness towards God the Exalted; and withdrawal from mankind. Whoever is correct towards God (Mighty and Majestic), and masters his character with men, dealing with them mildly, is a Sufi. Correctness [towards God] is to sacrifice the ego's pleasure to God's command (the Exalted). And excellence of character with men is not to get men to do what the ego wants, but to get your ego to do what they want, as long as they are not at odds with the *Shariah*. (Al-Ghazali, 2005, p. 38)

If Sufism is indeed what Al-Ghazali defines above then it appears to be a daunting spiritual path. Sacrificing one's pursuit of pleasures to God's commands and putting oneself in service of others are not easy tasks. How is one to transform the ego ending up with a virtuous character that willingly serves human beings in a way pleasing to God? For Al-Ghazali, the answer lies in performing this-worldly actions, the second main dimension of an Al-Ghazalian perspective for ethically transforming managers.

It is quite clear that the text "Letter to a Disciple" is a call to action. Al-Ghazali is squarely training his sights on what he views to be a disturbing trend in Sufism in particular and in the wider Islamic philosophical thought of his time. The trend being the view that faith alone guarantees salvation and intellectualizing religion is a means for tasting success in the next world (see commentary by Mayer in Al-Ghazali, 2005).

Throughout the text, especially in its first half, Al-Ghazali addresses the relationship of knowledge, action and God's mercy. Knowledge of God, according to Al-Ghazali, has to be acted upon through deeds if it is to prove beneficial to the believer. Otherwise, it is of no use in transforming the believer's character in a way earning salvation in the next life. Clear arguments are provided by Al-Ghazali to substantiate this line of reasoning such as the following:

O disciple, be neither destitute of good deeds nor devoid of spiritual states, for you can be sure that mere knowledge will not help. It is as though a man in the desert had ten Indian swords and other weapons

besides – the man being brave and a warrior – and a huge, terrifying lion attacked him. What is your opinion? Will the weapons repel this danger of his from him without their being used and being wielded? It is obvious they will not repel it unless drawn and wielded! (Al-Ghazali, 2005, p. 8)

These allegorical arguments about the importance of practising ethical knowledge are then substantiated through the Quran. Al-Ghazali quotes several Quranic verses in support of this view such as the following Quranic verse (chapter 19, verse 59):

Descendants have replaced them who neglected prayer and followed passions. They shall come to perdition – except for whoever repents and believes, and acts righteously, for these will enter the Garden and not be harmed at all. (*The Quran* cited in Al-Ghazali, 2005, p. 10)

Al-Ghazali argues based on such Quranic verses that righteous deeds are crucial for a person's salvation in the hereafter because they serve as a magnet for attracting God's mercy. That claim is stated in the following Quranic verse: "The Mercy of God is near to those who do good" (*The Quran*, chapter 7, verse 56, cited in Al-Ghazali, 2005, p. 10). Sayings of the Prophet (peace be upon him), and the great luminaries of Islam preceding Al-Ghazali are also cited to try to convince the reader that the earliest most righteous Muslim community of the Prophet (peace be upon him) adhered to this view about the centrality of actions for salvation as illustrated in the following passage:

God's Messenger (God bless him and give him peace) said, "Call yourselves to account before you are called to account, and weigh up your deeds before they are weighed for you." And Ali (may God be pleased with him) [third caliph of Islam] said, "Whoso believes he will attain his goal without effort is a wishful thinker." (Al-Ghazali, 2005, p. 12)

In short, ethical knowledge becomes beneficial when it is put into practice, when it is acted upon. That is when it begins to draw God's grace and mercy toward the one practicing it and propels the person toward salvation.

Ethical actions also lead the person, according to Al-Ghazali's metaphysics, to higher states of spiritual illumination that in turn reveal new sets of ethical actions requiring to be put into practice. He bases this on the Prophetic saying "Act in accordance with what you know for what you do not know [will] be unveiled to you [by God]" (Al-Ghazali, 2005, p. 40). Based on such prophetic sayings, Al-Ghazali seems to be arguing that ethical actions, thanks to God's grace, lead to higher states of spiritual illumination which then strengthen and make it easier for the heart and soul to practice even more ethical actions. These in turn lead to God giving further spiritual

illumination to the individual resulting in more ethical actions. Thanks to ethical actions, according to Al-Ghazali, we find ourselves in the midst of an ever increasing and upward-spiraling cycle of good deeds begetting higher spiritual illumination which in turn beget more good deeds with the process repeating in this fashion ad infinitum.

The implications for ethical transformation of managers stemming from this dimension are quite heartening. Al-Ghazali seems to be saying to managers that they should practice what they know about ethics. Their hearts and souls will then start reviving with ethical intent and desires and as they do future ethical actions will become easier and more voluntary. Deeds are not to be discounted including even the smallest acts of tender mercy (e.g., holding back anger against a colleague) for one never knows which deed serves as the catalyst to revive or awaken one's heart and soul. The Islamic tradition is replete with stories of small miniscule deeds transforming individuals through God's active grace into saints such as a woman of ill-repute drawing out with difficulty water from a well for a thirsting dog and earning heaven as a result of it (Bukhari, 2012 [846 CE]). Even managers who do not put much stock in God's grace can heed Al-Ghazali's advice of practicing what they know in terms of ethics, starting with the smallest deeds and see whether greater ethical deeds become more bearable for them in the future.

Ethical transformation for Al-Ghazali requires this-worldly action. However, this action needs to be closely supervised by a spiritual master (Shaykh) if higher states of being and doing are to be achieved. Having a spiritual master guiding the ethics by action transformation process for Al-Ghazali is "indispensable for the traveller on the way to truth" (Al-Ghazali, 2005, p. 34).

Al-Ghazali compares the role of the spiritual master, who is indispensable for the seeker of truth, to the work of the farmer (*Fallah*). "The significance of instruction is comparable to the work of the farmer who uproots thorn-bushes and removes weeds from the midst of the crops, so that his plants are in a proper condition, and his yield is brought to perfection" (Al, Ghazali, 2005, p. 34). Similarly, the spiritual guide has to work on the obstacles veiling and darkening the human heart such as the love of wealth, rank, covetousness, greed, conceit and hypocrisy leading to immoral behavior. Instead, he has to cultivate virtues such as patience, prayer, gratitude, reliance on God, certitude, contentment, self-composure, mildness, humility, knowledge, sincerity, modesty, fidelity, dignity, silence, deliberateness in acting (Al-Ghazali, 2005, p. 36). These virtues will lead to good behavior leading consequently to deliverance (*Khalass*) and salvation (*Najat*) (Al-Ghazali, 2005, p. 28).

If arguably the greatest tennis player, Roger Federer, has a coach to identify and correct his flaws then the same principle applies when it comes to ethical actions. The latter too require coaching to identify and polish off the spiritual blemishes in them that may be veiled from the person performing the actions. According to Al-Ghazali, without an experienced and trained

spiritual hand and eye at the helm of the ethical transformational process the individual may never see the error of his or her ways.

For Al-Ghazali it is clear that the spiritual mentoring is predicated on a master–disciple relationship and not a customer–client relationship. If managers head off to hiring ethical consultants to act as their spiritual mentors and guides, such consultants will provide spiritual instruction only as long as they are being paid for it. This will hardly make for a heart and soul transformative relationship where one party is eyeing the wallet and the other the watch.

Managers, from an Al-Ghazalian perspective, thus have to look for not ethics consultants to coach them on a charge-by-the-hour basis but actual spiritual guides who can transform them on a lifelong basis and that are already reflecting the ethical change they (the managers) wish to see in their own characters. Muslim and non-Muslim managers can go and seek such spiritual guidance from the great Sufi masters that are still present today and enter into discipleship with them. Al-Ghazali warns that such spiritual lights that model themselves both inwardly (e.g., sincerity toward God) and outwardly (e.g., showing generosity to others) on the virtuous character of the Prophet (peace be upon him) are quite rare. Having lived most of our lives in the Muslim world, we can vouch for their short supply. We can also however vouch for their existence for in our own lives we have come across great Sufi spiritual lights in both the Muslim and non-Muslim world that have had a massive transformative effect on those that have been associated with them.

If non-Muslim managers are queasy from the idea of going to the current practitioners of Sufism, as the latter is understood by Al-Ghazali, they are still free to go to non-Sufis whose virtuous character they admire and forge a relationship with them based on love and trust, spending time with them in order to learn how they can become better, more ethical managers. What these individuals can take from Al-Ghazali's point about the importance of a spiritual master is to become aware that they need to be in the company of people more spiritually elevated than them rather than become frustrated at trying out self-help techniques in isolation that may fail to deliver. Moreover, from Al-Ghazali these individuals can learn that it is not only alright to ask for help when it comes to ethical transformation but is highly recommended that one should do so. In the midst of such company of ethically elevated individuals, managers can be inspired to get on the path of ethical transformation. Through close association with and guidance from them, they will become ethically transformed individuals as they experientially taste the sweetness of virtue and feel their hearts and souls being revived as a consequence of this experience. The Al-Ghazalian perspective thus gives us tremendous optimism in this bleak night of managerial ethical failures that specialists can indeed have their hearts and souls revived who by ethically transforming their world within can become spiritual powers that can then transform the world without.

Conclusion

There is little in the extant of international management literature, particularly in its conversations regarding ethics, on Islam's ability to transform individuals in general and managers in particular. This is quite surprising because one thing Islam is known for is its capacity to transform individual beings with Malcolm X and Cat Stevens being few of many known positive examples in the West who had their lives transformed through an engagement with Islam. Moreover, there is hardly any discussion in the international management literature on interrogating ethical issues from the rich resources found in Islam's mystical tradition of Sufism.

The international management literature appears then to suffer from these twin silences of ignoring: (a) Sufism, and (b) individual ethical transformations through Islam. In this chapter we have attempted to bring these silences to an end by creating a conversation between these two silences. We did this by drawing upon the works of one of the greatest Sufis, Al-Ghazali, to construct a Ghazalian Sufi perspective for ethical transformation of individual managers. We identified two key dimensions comprising this perspective: other-worldly motives, and this-worldly actions. Articulating this Al-Ghazalian perspective of ethically transforming managers and how managers can use it (e.g., reflecting on death, practising what they know, and seeking the company of those who can ethically inspire them) to start their ethical transformational journey are the chapter's chief contributions. This is because we have not come across a Sufi perspective on ethical transformation of managers in the international management literature. By introducing an Al-Ghazalian Sufi perspective we start a much needed and overdue conversation in that literature on ethical transformation of individual managers (a hitherto neglected topic) and how we can approach it from Sufism (a hitherto neglected Islamic theoretical perspective).

We believe our chapter also contributes to the wider business ethics field in which debates on ethics in international management are often situated. It helps to bring a better balance to the overall discussion on Islam in the business ethics literature that has been largely bogged down with terrestrial concerns at the expense of transcendental ones. One is hard pressed to find in the business ethics literature on Islam discussions about hell, heaven, angels, salvation and other metaphysical entities that belong to a traditional Islamic religious outlook and that often form the bedrock of sense-making concepts through which ethical concerns are interpreted and ethical actions formulated by believing Muslims. Instead we find in the literature discussions on how Islam can be used to better market products (Saeed et al., 2001), manage stakeholders (Beekun and Badawi, 2005), or produce a formidable work ethic (Arsalan, 2000).

The literature on Islam in business ethics with such terrestrial and materialistic concerns thus seems to open itself to the charge leveled by critics

of workplace spirituality and religion that this discourse appears to demean religion by making it yet another resource to be instrumentally dragged up to achieve organizational performance measured in the narrow synoptic calculus of the bottom-line mentality (Bell, 2008). By unapologetically injecting content about transcendental other-worldly concerns and its primacy in much of Islamic thought into the business ethics literature on Islam we contribute to this research by helping to arrest this instrumentalization of Islamic ethics as a tool of corporate performance. Such a trend is likely to be arrested by a discussion of other-worldly concerns because they help remind us and others that Islam is basically a religion aiming for salvation not an efficiency maximizing instrument aiming for profits and market share.

This chapter provides another important contribution to the wider business ethics field by taking issue with its dualistic outlook on ethics where it separates normative ethics (the “oughts” and “shoulds” of ethics) from descriptive ethics (what “is” actually taking place in terms of ethical behavior) and tends to treat them in isolation from one another (Trevino and Nelson, 2011). In our understanding of Al-Ghazali, this normative-descriptive duality appears to be unsustainable. In fact, in an Al-Ghazalian perspective both normative and descriptive ethics are fused together.

As we pointed out in the chapter there is a symbiotic relationship, according to Al-Ghazali, between practising ethics (descriptive side) and achieving higher spiritual states that give us more insights into what else we “should” (normative side) be doing. This symbiotic relationship is mutually reinforcing where we find ourselves in the midst of an ever increasing and upwards spiraling cycle of good deeds begetting higher spiritual illumination which in turn encourage and thus beget more good deeds with the process repeating in this fashion ad infinitum. These insights that collapse the duality between normative and descriptive ethics by showing the intimate connection between them is an important contribution to the field that often views the two as belonging to separate domains and exerts little effort unlike Al-Ghazali in identifying the profound connections that exist between them.

Moreover, these thoughts of Al-Ghazali lead us to see that this duality of normative and descriptive ethics is not a universal classificatory scheme but a peculiar modern Western one and that in other non-Western traditions business ethics are constructed where this duality of normative and descriptive ethics is fused into one ethical totality. Such a realization can help conventional business ethics scholarship challenge its own taken-for-granted assumptions about ethics (duality between normative and descriptive ethics) and can help it conceive of ethics from a perspective that unifies the normative and descriptive sides. This ability to see business ethics in a new light where normative and descriptive ethics are fused together represents to us an important contribution Al-Ghazali’s key dimension of “this-worldly actions” makes to the wider business ethics field that labors

under the normative–descriptive ethics duality in theorizing about business ethics (Trevino and Nelson, 2011).

The other key dimension in the Al-Ghazalian Sufi perspective also contributes to the wider business ethics field. Other-worldly concerns help remind us of our own mortality and our eventual death. Al-Ghazali thus brings to the attention of business ethics scholars the topic of mortality and its role in managerial ethical transformations. This insight of how managerial awareness of mortality and death can spur ethical transformation of managers has not been explicitly made. It thus stands as an important contribution of this chapter to not just the business ethics field but also we would argue to the leadership field, particularly its literatures on authentic and spiritual leadership that has ignored the role a leader's awareness of his or her own mortality can play in shaping ethical behavior. For example, a recent and comprehensive review on the leadership literature did not contain a single reference to any study looking at death or mortality and its relationship to ethical leadership behavior (Aviolio et al., 2009).

All this is surprising given that some CEOs do mention at times awareness of death as shaping their outlook on life and their decisions. For example, Steve Jobs pointed out in his 2005 Stanford commencement address that becoming aware at the age of seventeen that he will one day die had been for him a life shaping experience. In his words:

Remembering that I'll be dead soon is the most important tool I've ever encountered to help me make the big choices in life. Because almost everything – all external expectations, all pride, all fear of embarrassment or failure – these things just fall away in the face of death, leaving only what is truly important. Remembering that you are going to die is the best way I know to avoid the trap of thinking you have something to lose. You are already naked. There is no reason not to follow your heart. (Jobs, 2005)

The business ethics and leadership literatures not to mention the research on international management seem to be quite void of this universal human experience (i.e., death) in mapping and understanding managerial ethics. The Al-Ghazalian Sufi perspective on ethical transformation in managers brings this universal human experience front and center for reflecting and theorizing about business and leadership ethics and thus represents an important contribution to these fields.

Summary

When researchers will start plumbing the depths of Al-Ghazali we are confident that they will come across important Sufi insights that can be brought to conversation with existing ethical concerns relating to international management. For example, much commentary has been written on

the pernicious effects of excessive greed, obsessive envy and other vices in managerial circles (James, 2008; Morgenson and Rosner, 2011). What are the concrete solutions identified by Sufis such as Al-Ghazali for eliminating such vices afflicting the human heart? For example, Sufis argue that the cure for the one who is envious about someone for something that person possesses (e.g., money) is to constantly practice wishing that the person be given more of it. Making such wishes help purge the heart according to the Sufis of envy (Yusuf, 2004).

For those skeptical about these ethical remedies for correcting character defects, the Sufis would argue that these have been tried and tested on numerous human beings throughout the centuries and have met with positive results. After all, the evidence from this veritable tradition seems quite substantial about the number of human souls that have been transformed through their engagement with it (Howell and Van Bruinessen, 2007). Nonetheless, for our purposes what is important is that coming into contact with Al-Ghazali and hopefully other Sufi sages new innovative non-Western solutions may be introduced in conversations on ethics in international management to curb managerial ills (e.g., envy) than the conventional approaches of monetarily incentivizing managers to enact the desired behavior that in the wake of the 2008 global financial crisis are showing obvious signs of exhaustion. We thus look forward to a robust literature on Sufism in international management being developed action upon which we hope will revive the hearts and souls of managers and all those who come into contact with them.

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6

Humanistic Leadership as a Value-Infused Dialogue of Global Leaders and Local Stakeholders

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Introduction

The humanistic perspective on leadership has attracted an increasing interest in the past few years (e.g., Maak & Pless, 2009). Humanistic leadership is generally understood as a set of principles oriented to developing meaningful and purposeful human experience, guided by basic values and focused on the common good. At the individual level, the exercise of humanistic leadership takes a person-centered view of the leader–followers relationship and considers the individuals' position and voice within each society (Davila & Elvira, 2012). In business organizations, humanistic leadership is becoming an important pillar to the view of sustainability that includes the stakeholder perspective of the organization (Pirson & Lawrence, 2010). At the societal level, humanistic leadership considers the roles played by businesses from which contextual factors demand diverse business roles, such as becoming part of the social support system (Davila & Elvira, 2012).

We understand humanism based on Kant's second formulation of his categorical imperative in his *Groundwork of the Metaphysics of Morals*: "Act in such a way that you always treat humanity, whether in your own person or in the person of any other, never simply as a means but always at the same time as an end."

In this chapter we further theorize on humanistic leadership by exploring how global leaders and local stakeholders may help mutual flourishing by learning about each other's values. Transcending a mechanistic conception of leadership requires a pluralistic, value-rich conception of cosmopolitanism and the identity work that leads to personal transformation. Humanistic leadership is as much – we are tempted so say "even more" – about doing and saying as it is about being and becoming.

Humanism as cosmopolitanism

In our present context, the idea of humanism is closely tied to the processes of transnationalization and globalization, which have made encounters with “the other” an everyday fact for both managers and corporations. These encounters constitute a reminder and a challenge to engage the other in a process of mutual discovery. Recent management studies highlight the importance of thinking in terms of global citizenship for present-day humanistic leadership, as it helps consider the relationship between global leaders and the communities in which they and their companies operate (e.g., Maak & Pless, 2009). However, the relationship between global and local is not simple.

Some scholars have pointed to the unsettling side of the processes of global permanent or temporal migration of people, culture and capital. Bauman (2006), for example, has written that ours is mostly a negative globalization, uncompensated by any positive achievement at the social and human levels. Individuals, faced with an increasing uncertainty, would be retreating to their private sphere, thereby impoverishing the social realm. Some other scholars point to negative effects for the countries and industries exposed to globalization. Income inequality seems to have spiked due to the globalizing process, and such topics as unfair trade and the use of subhuman labor standards, child labor and the avid exploitation of natural resources from so-called developing countries, constitute alarming phenomena.

A second set of scholars have considered the globalizing process under a different light, pointing to its potential for a global citizenship, that is, cosmopolitanism, understood as openness to the world and to others. Labeling what is going on as a “globalizing process,” though, conveys a misguided impression of convergence and uniformity which belies all sorts of fractures and heterogeneity, such that some scholars prefer to refer to these phenomenon as “transnationalism” (e.g., Basch, Glick Schiller & Szanton Blanc, 1994; Portes, Guarnizo & Landolt, 1999; Smith & Guarnizo, 1998). In contrast with a view of global integration happening inexorably through macro mechanisms, these authors emphasize the dialogical work implied in translating. Delanty (2006), for example, points out that, while translation between cultures has always been a possibility, the peculiar characteristic of modernity is that translation has become *the* medium of culture. Or, in Galison’s (1997) terms, that the languages which had been created only for trading purposes (pidgins and creoles) now serve as a medium in which people are socialized.

A dialogical openness to the other: beyond objectivism and relativism

This dialogue implies a certain questioning of the taken-for-granted economic, cognitive, cultural and legal “truths” that the agent has been

socialized into, and requires an openness to the other without which any learning – and, consequently, any cosmopolitanism worthy of its name – requires. This openness takes perforce the form of a post-universalism (Delanty, 2006) in the sense that it seeks critical thinking and dialogue rather than the instauration of a society shaped according to a set of universal norms. Humanistic management calls for a respectful art of combining the global and the local to preserve both sameness and difference. The negation of sameness would lead to the impossibility of recognizing the other in our shared humanity. But negating the difference would lead to its particular conundrum too. The idea of cosmopolitanism based on the “ideal of a flexible ‘pastiche’ identity, distanced through irony from all existing cultural and other ‘hot’ loyalties” (Halsall, 2009, p. 136) deconstructs the personal and social identities of agents and reconstructs them around a mercantile logic with no obligations to particular places or people. Even those managers committed to a cosmopolitan identity experience tensions arising from “emotional and interpersonal ties to home, desires for communal affiliations, and enduring preferences for familiar goods and places” (Thompson & Tambyah, 1999, p. 214). A rich conception of cosmopolitanism, then, questions the totalizing image proposed by economics- and finance-based views of globalization, favoring instead the coexistence of multiple modernities, each with its own set of standards. On the other hand, a humanistic view of management demands recognizing the common core to every human being, which founds his/her inalienable dignity (Diamond, 1991).

Recognizing this Janus-faced character of humanism should help us avoid the twin perils of objectivism and relativism. According to Bernstein (2011, p. 8), objectivism is “[t]he basic conviction that there is or must be some permanent, ahistorical matrix or framework to which we can ultimately appeal in determining the nature of rationality, knowledge, truth, reality, goodness, or rightness.” In this view, rationality standards should be universal if there is to be knowledge at all, and there exists “one best way” to organize trade and work. Without such a secure foundation, management would not amount to more than mere opinion, falling into relativism, because, how could we assess which ways of knowing and acting should be privileged over others? If objectivism writes off difference as a cognitive, affective or behavioral shortcoming, relativism celebrates difference for the sake of it and blurs commonalities among people in different cultures, thereby depriving actors of their shared humanity. Absent a rational, universal set of coordinates within which beliefs may be ordained, any belief or course of action is bound to be irrational. Take, for example, the widespread interpretation of Kuhn’s (1962) discourse on why scientific paradigms change. Kuhn analyzed the kind of argumentations that went on during scientific crises and revolutions, trying to ascertain the reasons by which scientists chose among competing paradigms, and came up with the idea of incommensurability: during a scientific revolution a shift takes place between paradigms that,

rather than incompatible, seem to be incommensurable. This approach was opposed by some scholars (e.g., Gombrich, 1991; Popper, 1987) as a straightforward defense of crude irrationalism. But Kuhn's claims steer clear both of irrationalism and of a naïve objectivism, as the "subjective" elements at work in paradigm shifts demand an evaluation, are meant to be valid and call for reasons in their defense.

Far from pushing us over the cliff or relativism, the absence of a set of Cartesian and universal rules opens up the space for a conversation of different traditions which need to come up with good reasons to bolster their claims to validity, as MacIntyre (1981) has extensively explained. In place of an absolute, Cartesian reason, we need to see the interaction between competing scientific communities or people in different cultures as a narrative development in which no appeal is made to absolute, non-temporal rules, but to the actual, contextual narrative contexts of the speakers. At bottom, "our notion of rationality is (. . .) just one part of our conception of human flourishing. Truth is deeply dependent on what have been recently called 'values'" (Putnam, 1981, p. xi) because factual statements, and the practices of scientific inquiry upon which we rely to decide what is and what is not a fact, presuppose values (see Putnam, 1981, p. 128). For example, the value "truth."

Both value objectivism and relativism, then, provide a biased view of how management may become human, the former due to its excessive demands on the universality of our claims; the latter, because it wipes away the fundamental core that makes us fellow human beings. The question now is what that "opening oneself to the other and to the world" may mean when we encounter others whose value system we do not share.

We propose that the process of "value generalization" as originally proposed by Parsons (1971) and further developed by Joas (2000, 2004, 2013) provides a useful theoretical tool to understand how a dialogue in a cosmopolitan context may become an occasion for the understanding and enriching of those involved.

Parsons proposed his concept of value generalization to denote the processes through which a society may redefine its core values at a higher level of abstraction in an attempt to integrate diverging value-systems within it. In line with Bernstein's (2011) attempt to blaze a trail between objectivism and relativism, Joas uses "value generalization" as a way to describe how a social system may be able to understand its shared characteristics without thereby losing its roots in those specific experiences and traditions to which the agents involved are committed. A generalization of values – always a contingent achievement – goes beyond mere consensus on a universalistic principle that everyone may need to accept as valid and of a collective agreement relied on to coexist peacefully despite value dissent.

A conversation about values differs from a conversation about facts in three ways (Joas, 2013, pp. 90–91). First, value commitments differ from purely cognitive validity claims in that they are deeply affective, paralleling

our commitments to people. When we engage in a dialogue with others with whom we do not share our value system, we do not aim at apodictic validity, but at plausibility. To illustrate, we know we cannot derive our love for our spouse from a list of personal attributes or behaviors. We could provide them, of course, which could make our case plausible, but we do not expect others to immediately fall in love with him or her. Plausibility may seem a modest achievement as compared with apodictic validity, but the necessary reference to affect makes a dialogue about values much richer than a merely rational one. In the second place, values cannot be falsified as purely rational claims can. But values (or “certainties” as Joas calls them quoting Wittgenstein (1969)) underlie even our cognitive frameworks. Not only lay, but also scientific, theories build on values. Science, for example, relies on such values as rationality, objectivity and respect for evidence. A third reason concerns the necessary narrative character of a dialogue about values. As values cannot be deduced from an a-temporal, universal grid, we need to show their plausibility by telling stories about how they arose, how we experience them, what their violation means and the like.

To illustrate his ideas on value generalization, Joas (2013) provides the example of the declaration of the UN Declaration of Human Rights of 1948 as a successful process of value generalization. Rather than a rationalistic justification, the authors of the Declaration provided a collective articulation of all the value traditions involved. Even though Joas acknowledges the importance of the French lawyer René Cassin –who would later receive the Nobel Prize for his role in the drafting of the Declaration – he points to Charles Malik – a Christian Orthodox Lebanese philosopher – and to Peng-chun Chang – a Confucian Chinese philosopher and diplomat – as the two keystones of this achievement. Both authors brought to the discussion their respective philosophical traditions and criticized any attempt of basing the text on either rationalism à-la-Descartes or on a particular religious tradition. Rather, these two philosophers engaged all actors involved in a dialogue about their respective value traditions, looking for a higher-order narrative of values in which all of them may recognize themselves. They avoided both a rationalistic approach that would look for a common grid in which to arrange every tradition so as to measure one against the other, and a facile negation of commonality in the form of a relativism that blurred any possibility of moral argumentation. Rather, they looked for an articulation in which every actor involved may recognize his or her own value tradition. The generalization of values, then, steers a way beyond the objectivism and relativism, between the negation of difference and the negation of sameness as regards values.

Humanism as dialogue: identity work

A dialogue about values implies not only learning about the others, but also a learning about oneself that consists in a transformation of the manager’s

value identity (Gecas, 2000; Hitlin, 2003; Hitlin & Piliavin, 2004). We now briefly present the two kinds of identity that the literature usually discusses – social identity and role identity – and value identity.

The literature distinguishes between three kinds of identity. The two most widely used types are social and role identity. Social identity consists in the categorical or group memberships of the self, and can be defined as “that part of an individual’s self-concept which derives from his knowledge of his membership of a social group together with the value and emotional significance attached to that membership” (Tajfel, 1978, p. 63). Nationality, rooting for the same sports club, inclusion in a team may all be lived as providing a social identity to the agent. Unlike social identity’s main relation to perceptions of self and others in an intergroup context, role identity refers to role performance in the context of a role structure (Burke, 1980; Burke & Reitzes, 1981; McCall & Simmons, 1978). Through the identification with a social role (McCall & Simmons, 1978), its incumbent assimilates the role’s meanings and expectations (Thoits, 1986), turns them into guidelines for action (Burke & Reitzes, 1981), and strives to protect and enhance them (Thoits & Virshup, 1997). While these two identities are based on shared elements, personal identity refers to what distinguishes the agent from others. Personal identity is “a sense of self built up over time as the person embarks on and pursues projects or goals that are not thought of as those of a community, but as the property of the person” (Hewitt, 1997, p. 93) and has been specified by some scholars as made up of the particular constellation of values that the agent is committed to (Gecas, 2000; Hitlin, 2003; Hitlin & Piliavin, 2004; Taylor, 1985). In short, a value identity obtains when “individuals conceive of themselves in terms of the values they hold” (Gecas, 2000, p. 96).

Humanistic leaders, in being cosmopolitan, engage in dialogues that include not only other- and self-understanding, but also self-transformation, through which one’s values, identity and cultural position may be – and often are – questioned (Delanty, 2009). Being a humanistic leader entails an identity work that takes the form of a conversation expressed as, and embedded in, narratives that integrate past, present, future and counterfactual, “might-have-been” selves (Obodaru, 2012). In these conversations agents try to ascertain relevant contextual factors, deliberate about available means and decide upon which course of action to follow. These deliberations happen against the background of what the agent cares about (Frankfurt, 1988), those entities – e.g., values, persons, organizations – that matter to her. Dewey proposed the term “dramatic rehearsal,” for such conversations, a term which tries to capture the way agents set out to reorder a situation, in a dialogic, non-linear process that implies the agent’s “modifying himself, including his motives and ends, as well as the environment” (Garrison, 1999, p. 301).

As Garrison explains elaborating on Dewey, actors, faced with an interruption of their routines, rehearse different responses to the problem at hand.

These rehearsals prompt specific emotions, which signal the fit between that possible response and the agent's values. To illustrate, shame and embarrassment when faced with the thought of taking advantage of employees in need, may signal the inadequacy of that course of action in the light of one's valuing of employees as human beings. We extend this mechanism to the conversations managers may have with peers and subordinates with whom they may not share a value system. Through mental rehearsals, but especially through the dialogues and the attendant emotions felt around one's own and the other's turns, managers are brought to making decisions about which values to privilege. The actor we have just written about, for example, may decide to shrug off the feeling of shame and stick to the course of action that offers the highest financial yield. Or, alternatively, he may decide to follow a course of action which respects the humanity of the other(s). If they decide on the second possibility, they will make themselves more likely to respect the humanity of others in the future. Or, in other words, they will tend to change the hierarchy of their values, that is, who they are.

Conclusion/Contributions

We have argued that the concepts of cosmopolitanism and values provide useful insights into humanistic leadership. The concept of cosmopolitanism as elaborated here makes up the moral backbone of our proposal. We understand humanistic managers as global citizens, and see citizenship as going beyond a political ascription to a state. Being a citizen implies also the psychological, social and moral dimensions that arise from the basic bonds linking us as fellow human beings.

This enlarged concept of citizenship allows us to see the oft-used concept of stakeholders in a new light. Leaders are bound to distant and proximal stakeholders not only by virtue of economic relations, but by our common human dignity. This shift is not trivial. Thinking of stakeholders as others whose interests diverge somewhat from ours based on an economic logic, leads to conceptualizing the relationship with them as mostly a negotiation in which an agreement has to be reached. This reasoning follows the logic of the maximization of profits. If, on the other hand, global leaders see themselves as cosmopolitans bound to their stakeholders – especially employees, who are the most proximal ones – by the moral imperative of respecting the other as a fellow human being, then the negotiation between parties in search of an alignment of interests may be carried out under a different logic, which purports not to maximize utility, but to reach a common good that goes beyond the particular goods of the parties involved.

Managers become humanistic when the dialogue in which they engage with stakeholders, beyond information and knowledge about the economic and technical aspects of the business process, entails learning about the

other's system of values. This value-infused dialogue takes as its starting point the willingness to learn from the other and to reach an articulation of values that not only respects, but also furthers each of the actors' value tradition. Only under these conditions, which integrate sameness and difference can humanism flourish. Listening to the local voice of persons who describe their particularisms in their own terms – not in relation to universal definitions – is paramount, as is to remember that every person's dignity is inviolable, sometimes despite their very actions. We find it difficult to express this synthesis of particular and universal better than Guillermo del Toro, an award winning Mexican film director: “Hay que tener raíces, pero no fronteras” [We need roots, but not borders].

Chapter summary

We propose humanism in leadership as a learning lens that allows global leaders and local stakeholders to enhance mutual growth by understanding each other's values. This humanistic conception of leadership requires integrating a broad, value-rich conception of cosmopolitanism and the identity work that leads to personal transformation. In this view, humanistic management relies on cosmopolitanism – engaging both leaders and stakeholders in mutual discovery. Consequently, managers bear a significant role in humanizing both the firm and the society in which they operate. Humanistic managers should think of themselves as citizens of the world, and corporations should become agents of change in the communities in which they and their companies operate.

Building on recent research highlighting the importance of global citizenship for present-day humanistic leadership, we delve into the complex relationship between global and local factors. The focus should be on cosmopolitanism, understood as openness to the world and to others. Cosmopolitanism implies a certain questioning of the taken-for-granted economic, cognitive, cultural and legal “truths” that the agent has been socialized into, and requires an openness to the other that allows for learning. This opens the potential for a global citizenship, where leaders serve as a bridge across cultures, embedded in translation processes that can never overcome the differences between them. The dialogical character of humanistic leaders follows from this translation process: they open up a trading zone between themselves and their local stakeholders in which mutual cognitive, behavioral and existential learning occurs.

Besides the knowledge of general management tools and principles, humanistic, cosmopolitan leaders need to develop sensitiveness to their local contexts and to engage with relevant stakeholders. The basic thrust of humanistic practices consists in highlighting management as an art. Truly global leaders need to be artists because they stand at the junction of social relations that must be constantly re-legitimized, promoted and put into

practice, without exclusive reliance on performance management systems that could guarantee them automatically. It is precisely through participation in these social conversations that citizenship and leadership emerge and are formed. Rather than universal and abstract methods to deal with stakeholders, what exists is the story of the interaction between leaders and employees.

Navigating the complex social relationships in which leaders develop, as well as the “identity work” that leaders need to perform in order to engage in a human manner with their stakeholders suggests that being a global, humanistic leader entails learning about the other’s values and, reflectively, about one’s own. In our view, learning about values takes the form of a change/enrichment in the leader’s own value identity.

A critical question is what that “opening oneself to the other and to the world” may mean when we encounter others whose value system we do not share. We use Joas’s “value generalization” concept to describe how a social system may be able to understand its shared characteristics without losing its roots in those specific experiences and traditions to which the agents involved are committed. A humanistic view of management demands recognizing the common core to every human being, which founds her inalienable dignity. An example of these types of dialogues about values is exemplified by the UN Declaration of Human Rights of 1948. The generalization of values, then, steers a way beyond between the negation of difference (objectivism) and the negation of sameness (relativism) as regards values.

Finally, humanistic leaders, in being cosmopolitan, engage in dialogues that include not only other- and self-understanding, but also self-transformation, through which one’s values, identity and cultural position may be – and often are – questioned. Being a humanistic leader entails an identity work that takes the form of a conversation expressed as, and embedded in, narratives that integrate past, present, future and counterfactual, “might-have-been” selves (Obodaru, 2012). In deciding various courses of actions, such leaders respect others’ humanity and continually develop their own self-identity.

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7

Empowering the Other in a Globalizing World by Targeting Humanistic Aims of Creativity, Work and Sustainable Community via Pedagogies in Action

William Mesa and Kyle B. Usrey

Introduction

How does one empower “the Other” in an era of globalization? Specifically, how does one empower the Other in the process of negotiating new business, or continuing established commerce while respecting and fostering the culture, dignity and well-being of the Other? Answering the question of how one empowers the Other requires specific humanistic aims leading to transformational results via three interrelated practices adapted from Volf and Bass (2002):

- A deep comprehension of the Others’ fundamental human needs.
- Continuous socially improvising negotiations.
- Counter-intuitive and inefficient risk-taking, at odds with conventional short-term market imperatives.

Drawing from Bell (2012) we ask, “What works do humanistic practices accomplish?” and “What works do non-humanist practices accomplish?” What is sought hereafter are *telos-outcomes* through a set of processes that are different in scope and scale, given the current environment of conducting global commerce. Humanistic management is “understood as a management that emphasizes the human condition and is oriented to the development of human virtue, in all its forms, to its fullest extent” (Mele, 2003 p. 79). Creating a human-centered and values-oriented society is described as a paradigm shift with respect to management and commercial imperatives (Pirson and Lawrence, 2010). Humanism emphasizes human needs (Mele, 2003) yielding a community that provides a degree of protection – a common good – to its members suffering from misfortune (Bauman, 2002)

John Rawls (1971), an American philosopher, postulated that the proper social contract and social justice mechanisms for one group with unequal power over another is to achieve “equality” of distribution of goods and rectify the inequality of social and economic disadvantages across society by favoring the least advantaged under the “Difference Principle” and the “Veil of Ignorance.” These principles applied to international business should be based on transformational benefits for the less advantaged Other as opposed to conventional MNC “best practices” that are primarily self-interested and transactional.

Thus a decision would be made that would intentionally maximize the prospects of the least well-off. The following two case narratives serve to illustrate both the humanistic practices and non-humanistic practices that are at tension with each other.

Bio-piracy of aboriginal populations: use of traditional medicines in Australia

Intellectual property development, creation and profit-taking therefrom have been significant assets and revenue-streams for MNC pharmaceutical companies in drug patenting. TRIPs (Agreement on Trade-Related Aspects of Intellectual Property under the WTO) provide for legal protection of up to twenty years globally for patentable drugs that have been developed to cure or alleviate illnesses and diseases, among other things (World Trade Organization, 1994). While the Doha Round of negotiations between developing and developed countries proved spectacularly unfruitful in addressing some of the inequities existing between the “North-South Divide” and WTO systems and statutes, issues of ‘bio-piracy’ emerged to the forefront of exploitation wherein MNCs have attempted to capitalize on traditional plant and herb medicines without compensating the indigenous populations for their historic, cultural knowledge and use. A proposal to amend Section 27.3 of TRIPs to recognize traditional knowledge of indigenous groups for patents was pushed by the 2010 “Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from Their Utilization,” a direct result of the UN Council of Parties for the Convention of Biodiversity that focuses on the access and benefit sharing of biodiversity and its resources (Convention on Biological Diversity, 2011).

While opposition and compromising positions are taken on that proposal by the USA and the EU, some representatives in developed and developing countries are taking the proactive step of providing national protection and process-help to obtain patent protection for disadvantaged populations. This latter step reflects how practices are social and thrive convivial negotiations. Business practices ought to integrate capabilities through collaborative efforts stimulating a deeper understanding of fundamental human needs (Giovanola, 2009).

Specifically, Griffith University near Brisbane, Australia, recently facilitated the Australian patent process for the Aboriginal tribe (Jaelmadangah Burru) in the Fitzroy Valley Western Australia. In 2008, a community member lost a finger from a crocodile bite, but chewed the leaves of a Mudjala tree, native to the area, and spit the chewed leaf paste on the finger thereby immediately relieving the pain (Coorey, 2011). A Griffith University research and action team discovered the tree as a new class of analgesic and helped the Aboriginal community file a patent in Australia for national and ultimately international patent protections while seeking investors to work on creating a sustainable harvest plan for the tree with the use of native workers (Coorey, 2011). As a result, the Australian government set up the 'Dream Shield' program in 2010 which works directly with Aboriginal groups as inventors of patentable products in protecting traditional knowledge resulting from their culture's long history in use of medicinal plants (IP Australia, 2013).

Transformational practices thrive on improvisation and negotiation in furthering the rights of the least advantaged – the Other. The social and rational nature of such practices is fundamental to a humanist vision of well-being (Mele, 2012; 2003; Pirson and Lawrence, 2010). Individual skill and know-how development takes place in the company of others that are also learning *with you* (Crawford, 2009), yielding a *plurality of perspectives* on an issue (Ibarra-Colado, 2006; Shenkar, 2001). Polanyi (1974) referred to this open, creative sharing of knowledge and practice as "*conviviality*" – essential in understanding varied perspectives.

The Australian federal minister for "Innovation, Industry, Science and Research" was quoted as saying at the time of the passage of the 'Dream Shield' that "[I]t's extremely important in terms of closing the gap in Australian society that Aboriginal businesses are able to be successful ... We want Aboriginal businesses to take up their rights to develop their brands, their designs and their inventions. And we want them to have the IP [Intellectual Property] protection that gives them the capacity to be able to make money out of what are good ideas and which rightfully should be protected" (Carr, 2010).

Improvisational practices that work in tandem with a deep knowing of the Other are characteristically social since groups of a society or culture and their well-being are at stake. People that work together toward shared aims of *telos-outcomes* gain trust for each other (Rosanas, 2008) and develop a set of routines and processes that can be mutually beneficial (Orlikowski, 2002). While working with others, one may re-examine their own fundamental values and find a discontinuity in what they believe and how they therefore should act towards "Otherness." Practices require and thrive on negotiation and improvisation because they aim at respecting persons and their human rights (Mele, 2003).

Developing countries, such as the Cook Islands, South Africa, India and Brazil have taken similar steps to protect their indigenous tribal knowledge

from bio-piracy and to take advantage of patent processes for economic and community-social protections as well, while providing work opportunities to develop this globalizing asset for sale and use worldwide.

Bangladesh factory fires revisited

“We shape our buildings, and afterwards our buildings shape us.” – Winston Churchill

Inequitable power of MNCs leading to human misery, destruction and exploitation charges accompanied the factory building collapse in April of 2013 in Bangladesh where over 1,100 workers were killed as a direct result of unsafe contract manufacturing worker conditions (following another fire that killed 112 in November of 2012). At its core, the Bangladesh garment industry (a \$20 billion industry second only to China’s, with 4500 factories employing 4 million workers, mostly poor rural women (Banjo and Al-Mahmood, 2013)) is part of an outsourced network of almost \$200 billion in exports whereby finished goods for dozens of Western retailers, including international companies such as Walmart, Gap, JC Penney, Uniqlo, H&M and Tesco are produced due to its cheap labor inputs and large production capacity. Safeguarded from legal liability as a result of their use of intermediary organizations to make t-shirts to order, the court of public opinion fell heavily against the MNCs as a result of these disasters. Criminal actions against local and regional owners of the factories did little to supplant the antagonism against MNCs, noting the large differences between marginal costs of making a shirt and the price for which they were sold by the retailers. Instead, this heightened the animosity against a transactional system geared at unjustifiable profit-taking over ensuring a safe working environment.

These events reveal a conspicuous absence of humanistic management practices. First, the event itself centered on the absence of adequate and safe manufacturing facilities. Implicit is a lack of knowing about the fundamental needs of humane working conditions by the MNCs “plausibly denying” their legal and moral obligations to the Bangladeshi workers – the Other. Second, the inadequate facility for a manufacturing workspace suggests that the MNCs leveraged the negotiations for an outsourced manufacturing plant toward something less-than-fully humane with little room for convivial understanding of meaningful workspace. Finally, an overly narrow context of business capitalism encourages returns as an end versus transformational long-term relationships. To invest in a better facility is counter-intuitive to the demands of short-term markets because the MNCs “should have known” of the potential consequences.

In response to the disaster, several MNCs noted that they had obtained a type of certification that the factories were safe, while noting they could

not be held as absolute guarantors of human safety for the contractors' conditions. A deep knowing of fundamental human needs represents a set of actions that intent on empowering the Other. This "certification" leveraged by the MNCs ostensibly severs the MNC's understanding of how adequate workspace is a human need, and does not shield them from a moral duty. Mele (2003), in contrast, outlines essential features of an organization that exemplifies humanistic culture: recognition of the person's dignity, rights, unique capabilities and capacity for personal growth framed by identifiable virtues. Humanistic management fosters knowledge of people, their society and their culture, constituting more fully their Otherness.

The International Labour Organization, a multi-lateral organization promoting international human/labor rights with 185 member countries became involved in the controversy by creating the "National Tripartite Plan of Action on Building and Fire Safety in the Ready-Made Garment Sector in Bangladesh" to prevent future problems arising through policy development, administration and practical improvement suggestions (International Labour Organization, 2013). While this form of regulation can serve to encourage MNCs to recognize the fundamental needs of the Other, it can also encourage a basis of future negotiations that are more convivial with the Other. An organization therefore, can have as part of its own community a *telos-outcome* that is common with the community of the Other's society and culture via a deep knowing of the Other's qualitative concerns (Banerjee, 2000).

While many European retailers signed the resulting "Accord on Building and Fire Safety," a number of American companies (Walmart, Gap, JCPenney and Target) did not, choosing to negotiate less-binding separate agreements and thereby committed over \$50 million toward improving workplace conditions in the future in Bangladesh (Huffington Post, 2013; Kapner and Banjo, 2013). The transfer of cash, often delayed, to remedy a problem with another within a commercial system is symptomatic of conventional management practices. How an organization practices operations will generally be applied wherever it conducts its business, (Bond, 2002) regardless of values it has on its website or company correspondence. The results increase cultural distance, limiting an understanding of the Others' fundamental human needs. Cultural distance inappropriately assumes issues are symmetrical and the impact of the decision is the same for all parties (Shenkar, 2001). This cultural distance, informing how we interact with the Other, is deeply ingrained with a misaligned profit motive (Bell, 2012). Regularly conducting business without fully considering the new environment where an MNC's production takes place runs counter to a deep empathy of the Others' developing human needs (Ibarra-Colado, 2006; Nkomo, 1992).

The question remains whether these separate agreements, together with a \$2.5 million grant from the US Government, will have enough impact to provide both recompense for human and societal losses as well as have a significant impact on the future of this industry (United States Department of

Labor, 2013). The two types of agreements, the ILO accord and the separate American agreements, may compete for authority and allegiance, and thus delay improvements in factory conditions due to coordination problems since some factories are subject to both pacts. Or they may engender more accountability via the transparent listing of factories in the supply chain, an about-face change in disclosing such Intellectual Property “trade secrets” for many brands (Passariello, 2013). Furthermore, the recent criminal prosecutions of the local owners and some employees may serve to satiate the public’s desire for justice. Moreover MNCs may be protected by blame shifting to those collaborators, nonetheless, countrymen of the Other. A deep knowing of someone is the trust developed between the parties and not leveraging competing agreements. Trust between agents needs to be developed through interactions of solving problems (Rosanas, 2008) and not legal liability finger pointing. Developing trust beyond a series of mere economic transactions yields a better idea of the Others’ value system and decision-making imperatives (Rosanas, 2008).

Integral to the developments concerning this disaster was the passage of an amended labor law allowing unions in Bangladesh to represent and negotiate issues of worker safety and rights with factory owners, including the set-aside of five percent of net profits for welfare funds. The average Bangladesh wage for a garment worker amounted to about \$37 a month at the time of the catastrophes, below most other developing countries worldwide. A vision of well-being depends on a plurality of human dimensions (Giovanola, 2009) such that learning from the vantage point of the Other yields new or improved ways of doing and knowing. Alternative convivial responses, such as performance inspections with published rankings of factories by MGOs and national government agencies regarding multiple combinations of safety, wage, training and union issues, have been propounded in developing countries, especially in nearby Cambodia, to creatively and responsibly address the human need failings amidst their outsourced communities (O’Keefe, 2013).

Muhammad Yunus, former Nobel Peace Prize winner for his founding of Grameen Bank for Women in Bangladesh, advocated a US 50 cents an hour increase for the garment workers to help alleviate worker abuses and see their lifestyles appreciably change (Yunus, 2013). He also envisioned the creation of a “Garment Workers Welfare Trust” to help resolve problems of work safety, pensions, health care, childcare and education, while renewing the idea of an international minimum wage. Legal systems that formally recognize the *de facto*, if not *de jure*, negligence of MNCs in the creation of supply chains that lead to foreseeable consequences as found in Bangladesh may need to be developed on the local and international level to create an impetus for major changes to these systemic issues.

Transparency and accountability are often seen leading cures for worker abuses internationally. Nike, once involved in sub-human working conditions

in factories located in South-east Asia, developed response mechanisms to counteract their own deficient private over-sight systems in their outsourced contracted factories. By allowing public review via NGO “policing” of conditions along with transparent revelations of the operations and existence of all Nike contract manufacturing locations in the world, Nike has been made more accountable in the public eye. However, a recent study concludes private oversight is not enough, as local governments must enact laws and regulations as well to ensure worker safety and worker representation.

Underlying this incremental process of worker safety, fair wages and legal recompense in developing countries amidst globalization is the underlying precept that the stress experienced by developing country workers in such situations renders these poor and powerless at greater risk for early death and disease. Again, there is the tension between narrow profitability market imperatives and humanistic aims. Making a distinction between wealth growth and household management (Dierksmeier and Pirson, 2009) is integral towards shaping one’s understanding of the Other. While profitability is important to a market economy, it must be regularly placed within the realm of means, and not ends. Seeing economic activity as a means to achieving humanistic aims (creativity, meaningful work and community) also serves to encourage ecological, social and financial integration (Dierksmeier and Pirson, 2009; Mele, 2003; 2012; Reason and Bradbury, 2001).

A recent study shows that the more helpless one feels in dealing with a given stressor (such as worker rights issues) the more toxic the stressor’s effects, noting that those at the bottom of the socio-economic ladder are more than three times likely to die prematurely as well as suffer from depression, heart disease and diabetes (Velasquez-Manoff, 2013). Moreover, the stress of poverty and its powerlessness to overcome early in life can have debilitating and disastrous consequences that last well into adulthood without intervention. In other words, the detrimental effects of inequitable handling of these issues lasts for more than one generation, perpetuating cycles of dependency and inequity (Velasquez-Manoff, 2013). A recent study shows that pursuing the values of meaningful work along with community, family and faith are very important to human happiness. With regard to work, after basic human needs are met, another study says “agency” is crucial – feeling that one is actively involved in representing the company (or company manufacturing-retail system) in some way with significant internal and external meaning (Brooks, 2013).

Practices that cultivate a deep knowing of the Other, their Otherness and their fundamental human needs may nonetheless be at odds with the imperatives of competitive markets, but they resonate of caring for others, in the service for persons around oneself, and for the world at large (Mele, 2003). The effort and time associated with a deep knowledge of the Other is the vision of long-term human flourishing over the short-term market imperatives of profitability (Dierksmeier and Pirson, 2009). There is

a managerial effort that is intentionally toward the common good versus particular selfish interests (Mele, 2003).

Empowerment, meaningful work and community have found significant intersection points and elements of divergence in the Bangladesh factory and the Aboriginal intellectual property situations, while generating stresses invoking developmental learning processes for MGOs, NGOs, MNCs, unions and national governments to address more fully these problems. This complex problem is one that envisions multiple approaches, not a few simplistic responses. Practices characterized as transformational and convivial drive the preservation of human creativity, meaningful work and a sound community.

The counter-intuitive nature of humanistic practices

Both the Bangladeshi and Aboriginal case narratives illustrate attempts to implement humanistic practices that are at odds with short-term market imperatives. Market competition (Bell, 2012) seems appropriate based upon methods of “penetrating international markets” as found in traditional business school curriculum (Ibarra-Colado, 2006; Nkomo, 1992). Practices of a firm, driven by stockholder desires, target competitive advantage.

The notion of being an *interest maximizer* is at root for an economy driven by a singular desire of profitability (Bell, 2012; Bell, 1978). Adam Smith, a proponent of maximizing interest, is clear about individuals seeking their well-being and as a result others benefiting. Yet, certain desires of what constitutes “good business practices” provide the basis for selfish, not enlightened organizational actions (Banerjee, 2000). Holding and submitting to a greater good outside of economic progress is inconceivable under the sensibilities of sheer self-interest (Bauman; 2008; 2009; Melucci, 1996).

Economic gain is synonymous with human progress because gain is the end in itself and not the means (Banerjee, 2000; Bell, 2012), resulting in dysfunctional behaviors and short-term targets instead of long-term sustainability (Pirson and Malhotra, 2008). If economic gain is a means, then higher aims are at stake for humanistic practices as illustrated through the case narratives.

Outcomes of humanistic practices

Humanistic management practices aim toward a *telos-outcome* or in Aristotelian thought – human flourishing. A brief review of the Humanistic Management Center (humanistmanagement.org) reveals three steps toward a more humanistic management practice: (1) an unconditional respect for the dignity of every person that is foundational to business practices; (2) ethics that must be central to the basis of decision-making and resulting actions of organizations; and (3) the development of a normative legitimacy

to the actions of corporate enterprises. Given the illustrated case narratives, we posit three fundamental aims of humanistic management that are inter-related, yet independent of each other. Humanistic management practices

- Preserve an anthropology of creativity
- Preserve an anthropology of meaningful work
- Preserve an anthropology of sustainable community

In the end, what constitutes *the telos* – the vision of well-being – essentially is based around the fact that humans are desiring creatures. This resonates with Augustinian thought, where we order our loves according to a hierarchy and aim them toward an ultimate love, desire or vision of a good life (Augustine, 2003).

Creativity

One expression of humanness is a desire to create. Humans create art, music, stories, processes, solutions and structures of community. Creativity is a process of applying skills via creative operations or techniques (Melucci, 1996). The Aboriginal case narrative illustrates the outcome of indigenous knowledge creatively developed within a community and its history. To be creative, humans act on cognitive processes and affective forces (Melucci, 1996). Humans have a drive to comprehend, to make sense of the world they live in (Nohria, Groysberg and Lee, 2008), and to experience capability fulfillment, individually and collectively, through one's own giftedness, resources and talents (Giovanola, 2009). In the context of management, creativity is to be expressed more as determining the consequences of a "solution" to a problem (Melucci, 1996; 2008). Global commerce requires creativity where individuals share in the experience of shaping their own capabilities and know-how (Giovanola, 2009); requires organizations to "meet" at the intersection of varied fields and disciplines yielding surprising and fascinating ideas (Johansson, 2006); listens to the Others' voice of creativity and ingenuity (Calas and Smircich, 1999); and having individuals (and entities) work in tandem in understanding problems via sense-making (Weick, 1995). Creativity is a mastery of know-how, accumulated wisdom and resources that necessarily emerges through practice and experience, all resonating virtue toward human well-being (Crawford, 2009).

Work

Humans both desire and need to work. The humanistic management literature describes work as shaped by human capabilities and effectiveness toward common goals (Pirson and Lawrence, 2010), where human needs are satisfied beyond achieving good results or productivity (Mele, 2003),

and that the work of the Other is not secondary to the interests of growing market share (Calas and Smircich, 1999). The Bangladesh case narrative illustrates the need for both functional and humane workspaces contributing to meaningful work. Meaningful work effectively utilizes individual and collective skills to gain trust via communicating and relating (Bauman, 2005). Work should resonate of the creative processes whereby jobs contribute to higher self-actualization ends (Stephens and Heil, 1998). Work should not be removed from the place of its execution (Crawford, 2009). Moreover, it should take place with others, providing greater satisfaction while serving others. Meaningful work within community is where individuals grow in the pursuit of virtue (Mele, 2003). Using “contracting buffers” as found in the Bangladesh case narrative is the antithesis of collaborating with others toward preserving an anthropology of work.

Community

Community consistently works in tandem with creativity and work. The social nature of people is the starting point (Mele, 2003). The unity of humankind goes beyond race, religion, beliefs and origin of birth (Mele, 2003). Communal responsibility is important (Bauman 2008) as is the drive to bond, love and care (Nohria, Groysberg, and Lee, 2008). Community represents a range of stakeholder values of which a firm should also hold as imperatives (Pirson and Malhotra, 2008). Organizations are not merely accoutrements within society, but are a vital part of the social community ecosystems (Dierksmeier and Pirson, 2009). Organizations are more than a nexus of contracts; they are a microcosm of the larger society (Mele, 2012; Kogut and Zander, 1996). Properly developed, they should not just facilitate transactional processes, but instead focus on transformational effects yielding growth and resilience.

The next section provides two pedagogical teaching cases that can be used toward cultivating practices intentionally aimed at humanistic objectives of preserving creativity, work and sustainable community, focused on benefitting the Other.

Laotian negotiations over a USA telecom project

To help students inhabit the position of “the Other” in international business negotiations amidst globalization, two students groups are created: the first represents the Government of Laos, and the second represents a USA telecommunications company. Both entities want to strike a deal whereby a land-based and cellular telecommunications system is created for the entire country. World Bank funds are to be provided as payment for the system, and the political risk of expropriation of the system is fully insured. Separate team briefings are provided. The Laos team is told not to worry about the

financial or operational aspect of the deal; rather their focus should be on “non-negotiables” relating to human development, upholding respect and dignity. They are instructed to find ways to tell their story as a culture, by putting the Americans in uncomfortable situations, such as escorting them to memorials of the Vietnam-Southeast Asia War, showing them the real life of Laotians amidst poverty yet allegiant to their homeland, and by forcing the Americans to negotiate when and how the Laotians want to do so. The Laotian team must also concentrate on job development and technology transfer/knowhow for their people, plus ensure that their workers are not exploited via poor working conditions, low pay or lack of real training.

The American team and the Laotian team must try to decide on the appropriate business modes of entry for effecting this transaction: management contract, turnkey operation, joint venture, licensing, etc ... and determine which is to their advantage. The American team is instructed that they are on a short timetable to secure this contract. They must develop a strategy based on what they know and can learn about Laos, its political economy, its social systems, its culture, and its current and potential use of technology in just a few days. Each group must develop a written plan for how they think the opposing side will proceed, point and counter-point. This negotiation, often requiring extensive coaching, will yield learning inside and outside the classroom as students examine why and how things developed as they did. Readings about the Vietnam War and negotiations of both process and substance by the North Vietnamese with the Americans are required. Also, developing background knowledge about Laos should come not just from the CIA website, but other sources, along with videos and visits to the classroom by native Laotians (even virtually), if available. This negotiation process may take an entire week, but offers many learning opportunities as each team member must speak in the negotiation, write a plan of negotiation, keep a journal and then participate in a debriefing with both teams. The exercise is designed primarily for empowerment, but entails creatively negotiating meaningful work for the Other, along with community development/sustainability.

Managing a crisis of environmental degradation in a developing country

Scenario: A hypothetical problem of managing a crisis involving an “unknown” origin apparently resulting from a manufactured product of a five-year old joint venture between a Western developed-country company and a state-run partner in a rural location in sub-Saharan Eastern Africa. Students are divided into five separate groups: the press; the joint venture team headed by a developed country MNC; local villagers who have been protesting in opposition to the plant; NGOs involved in protecting human health in water resources; and government officials. Several manufacturing

line employees that work with compounds used in prescription drugs for Western pharmaceutical companies have become violently ill over the past few days. Several neighbors in the area have seen plants and birds die around a settling pond where plant material waste has been discarded. There have also been reports of neighbors coming down with the same symptoms of the employees, many now in clinics/hospital. Rumors abound that a new General Manager had secretly ordered the substitution of a recently synthesized chemical in one of the compounds to save thousands of dollars to benefit the joint venture. Confronted on this issue, he vehemently denied the allegations. Few enforceable regulations exist in this country concerning the use of hazardous chemicals around employees or in places that may leach into groundwater. The Western joint venture team must decide how to prioritize responses and actions in dealing with this predicament.

The students must try to determine the facts and underlying truths about the events, while simultaneously limiting potentially disastrous liability and human suffering, yet nonetheless acting as a fiduciary for various stakeholders in the project, *especially the vulnerable and disadvantaged Other*. Students must anticipate the worst potential outcomes and determine how to prescribe remedies both in the immediate future and long-term. The use of partners to help sort out the future must be examined – NGOs and multi-lateral government agencies – while learning the intricacies of how to disclose what is necessary and prudent in light of various interests. The participants should keep a journal and outline their responses to multiple scenarios. This simulation can evolve with more evidence of the deaths connected with the calamity.

Students learn how to deal with multiple viewpoints in a crisis involving a business joint venture in a lesser developed country, helping them focus on responsible remediation. Moreover, they learn how to promulgate empowerment (amidst searching for facts and appropriate deliberative actions) for those at the seeming mercy of the entity who set in motion the events, while engaged in a process that entails propagating a deep, convivial understanding of “Otherness” with workers and their community.

Summary and further inquiry and application

An important question must be asked and answered in terms of evaluating current models of globalized economics: “What works do non-humanist practices shaped by short-term market imperatives in capitalistic economic systems yield?” We hold that the consistent, though very difficult, application of the humanistic management practices noted above intentionally yields a fundamental set of aims of humanistic management: the preservation of creativity, work and sustained community that fosters and preserves functions of effectively knowing “the Other.” This can be accomplished by providing improvisational conviviality in negotiating in a globalizing world, while challenging

modern practices that are often deemed “inefficient, unnecessarily risky and counter-intuitive” to long-term human growth and development.

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8

Hume's Humanity: A Nexus for Global Management

Andrew Creed, Jane Ross and Jack Ross

Introduction

Utilitarian thinking has a historical grip on international business management yet current global debt, labor exploitation, environmental degradation and social change indicate problems needing humanistic responses (Pirson et al. 2009; Pirson 2013; Polanyi 1977). Common practices in international business, including outsourcing, seeking new markets and exploiting lax regulatory environments have precedents and antecedents in moral relativism. As business is questioned on moral grounds, the clash of cultures internationally causes uncertainty about shared moral values in any given time and place. Classical approaches to business ethics have not served practical purposes well. Reliance on a utilitarian approach, for example, can lead to ethical dilemmas that affect the real or perceived individual rights of stakeholders, and a rights-based model can sometimes appear to compromise the greater good (Acevedo 2013; Grassl & Habisch 2011). Due to prevalent economic thinking, there has been a tendency for some managers to prioritize profit and defer to codes of ethics and laws for guidance about what ought to be an ethical or moral approach. The profit motive and the predominance of corporate self-interest appear as dual factors driving economic development under capitalism (Ross, Ross & Creed 2013). The problem here is that neither law nor a code is sufficient for morality and moral practice (Backhaus 1994; Buchanan 2010; Hladik 2006; Reilly 2010; Sommerville 2006; Steiner, Alston & Goodman 2007). Laws and codes can be pointers but it is impossible to expect consistent ethical results by following them, since the situational outcomes of each decision are so diverse (Enderle, 1996; Flaming, Agacer & Udding 2010; Lumpkin & Stoll 2013; Ross, Ross & Creed, 2012).

When laws, codes and traditional ethical models fail in practice, a relational ethics approach may present a solution. Relational ethics goes beyond capitalism and other economic ideals and focuses on the "who and where" of human interactions (Bergum 2004; Bergum & Dossetor 2005; Pelton,

Chowdhury & Vitell 1999). As a discipline, relational ethics prioritizes the transactional spaces between people and addresses the imprecision of interactions. For example, Saini (2010) observes that the task of sustaining relational ethics in the context of business purchasing tends to raise more questions than answers. We believe this problem can be alleviated by remodeling relational ethics for management through moral analysis.

The work of David Hume, Scottish enlightenment philosopher, significantly influenced the development of commercial thinking from the earliest days of the industrial revolution. Among many other topics, Hume empirically explored the foundations of morality (Hume et al. 1991). With longitudinal research (2003–2013) we have adapted his factors of moral analysis to generate a matrix of relational factors with human and ecological bounds upon which global business decisions can be tested and applied today and in the future. By delving Hume's moral principles we found a treasure of material to combine with exemplification in what we have come to call the *Human Nexus*. Critical analysis of the foundational literature and the resultant model is presented with a view to its application in a new humanism for business managers.

Hume then and now

David Hume contributed to the foundations of modern business and economics at a time when thought and decisions were dominated by religion but scientific and industrial revolutions were underway. He foresaw a non-ideological and non-dogmatic approach to philosophy where all judgments about value can be traced to the same fundamental principles (Backhaus 2009) in a manner where “the complete delineation or description of merit seems to be performed as naturally as a shadow is cast by the sun, or an image reflected upon water” (Hume et al. 1991, p. 268). This use of an ecological metaphor indicates the human moral purview exists for Hume in the places in which a person lives. How then can we reconcile global business decisions where local issues are undermined? Tensions between universal codes of business ethics and local ways of doing things are common and business environments are fraught as universal values, local customs, ecological needs and customary loyalties collide (De Cremer 2009; Gluckman 1955; Hoebel 1954; James 2006; Jovanovic 2008; Nader 1978; Prahalad & Hart 2002).

Amongst the first successful authors to expound on commerce from a philosophical perspective, and in critical dialogue with elite thinkers of the time such as business-minded Adam Smith, Hume played a key intellectual role in the foundation of the Western industrial revolution, its worldwide spread and effects. Amidst the outpouring of intellectual and scientific accomplishments, we sense in Hume's empiricism the slow, intense struggle of science and industry to become distinguished from religious traditions.

The diverse, technologically charged world today tilts further toward the non-theistic notions of Hume (Backhaus 1992; Danford 1990) and his thinking encompassing ideas such as utility, monetary theory, public finance, foreign trade and public goods (Sturn 2004). Hume understood the enormous value of international trade (Sally 1999). Through Adam Smith's writings drawing on economic elements of Hume, it is likely that Hume's legacy for modern business is the stronger (Sally 1999; Smith 1980). The corollary of his contributions to moral thinking receiving less attention is that humanism in business suffered a setback. By Hume's own deathbed admission, his later work, *Enquiries concerning the principles of morals*, was his most important (Backhaus 2003). With the energy and technology unleashed by the industrial revolution, Hume saw a need for human and moral relations to be reconceptualized on an evolving basis. Three centuries of moral diversion have since contributed to conditions leading to corporate disasters such as Enron, WorldCom, General Motors, Lehman Brothers and the financial collapse of 2008 and beyond (Backhaus 2003; Clarke 2010; Patomäki 2009), as well as ecological degradations that the world is going to find difficult to repair.

Many corporate executives bailed out by governments during the global financial crisis benefited from taxpayer money in forms of personal bonuses and unprecedented corporate earnings. Further, an increasing number of business schools focus on profit and commercialization and promote student recruitment and retention above the values for thinking, learning and development of the whole person in the service of society. Harkin (2012) reports a widespread problem amongst private colleges and universities where the practice of enrolling students to get their federal financial aid became core to the organizations. At the same time, executive officers in the offending institutions were paid exorbitantly from taxpayers' revenues. How did such a morally bereft situation arise? In business and business education an empirical review of personal values, professional development and business ethics is clearly needed (Backhaus 1994; Ferrarini, Moloney & Ungureanu 2010; Greenspan 2007). In revisiting Hume's condensation of morality and extending its reach into ecology, we propose a fresh, historically relevant and contextually sound touchstone.

The moral difficulties facing global enterprises today are not new but do have layers of complexity. For example, the dilemma of outsourcing in international business determines that to stay competitive a business may move operations and jobs off-shore or away from where it has been operating (Hill 2013). Some foreign markets tolerate laxer standards for employment. Child labor may be acceptable, even encouraged (Drake & Ross 2005; Ross & Bergum 1990; Zutshi, Creed & Sohal 2009), or have no, or poorly developed, regulations, and bribery may be a way of life (Hladik 2006). On the other hand, if the company does not outsource, it faces decline in market performance and is punished by its shareholders or taken over by others (Capaldi

2013). Many successful global competitors know the advantages of operating off-shore in places having fewer regulations and standards.

Moral issues emerge when competition adds pressure to find cheaper supply sources and manufacturing processes, and faster production times. Also where the cost saving leads to toxicity being released into the ecology. Prudent managers try to avoid moral confrontation by complying with the law or conducting moral audits of their entire operations including the supply chain (McMillan 2004; Ostapski & Pressley 1992). It is impractical for managers to apply arcane ethical theories which have been the mainstay of philosophy during the past two centuries. Moral auditing may be recommended but easier to discuss than to do. Given the confusion surrounding moral theory and practice, notwithstanding competing religious positions regarding morality, moral audits are not being well adapted to the issues at hand. Even contemporary versions of past philosophical debates (utilitarianism, moral rights, distributive justice, virtue ethics and so on) represent, at best, ideas that can only occasionally be considered by executives except in special circumstances, such as, development retreats or individual reflection, but rarely applied in decision-making. These theories may be impractical because they are too rationalistic or contain nuances and ambiguities that preclude their use in auditing or in personnel training (Enderle 1996). In "a crisis of faith," business professor, Mary Gentile (2010, p. 6) wondered if it is even ethical to teach business ethics when the desired ethical practices are so unlikely to occur.

The problem being experienced is that most ethics theory is immune or inflexible to changes of circumstance and facts (Dierksmeier 2013). For example, the relational moral fabric of society once tolerated slavery but now it does not. Some theories cannot accommodate such shifts of situational facts through time. In order to have a robust system of moral auditing, there needs to be a mechanism that evolves as facts and circumstances evolve, to result in a theory whose prescriptions carry full moral weight when they are made, and can be altered when circumstances change. Since human relationships are fluid, moral theory has to be sensitive to change and attentive to changes in relationships (Creed, Zutshi & Ross 2009).

In recent years there has been increasing recognition that the ethics of relationships should be foundational to a practical and meaningful audit system (Ross, Ross & Creed 2013; Wild & Zhou 2011). Finding that the number of relational ethics models that can fit the pragmatic requirements of global business managers is very small constituted an opportunity to test the Hume-influenced approach and its morally neutral audit instrument that is designed to focus on facts pertaining to real situations. The more complex the situation, the more integrated investigations must be in order to establish the situational pertinence of the audit. If the facts as established are shown to be positive, they should lead to moral duties and, if they are negative, they should lead to prohibitions. At all times, the facts

focused upon are anchored in human beings and their relationships, which also includes their relationships with the ecological environment (Berry 1988). Consequently, we proposed the use of Hume's adapted philosophical approach with a matrix instrument for gathering facts that enable the evaluation and discovery of moral decisions appropriate to existing and evolving situations.

Hume's Moral Matrix

Through Hume we "can trace the principles underlying the different moral judgments to the same sources; they are consistent with human capacities and needs wherever found and thus are grounded in nature and not merely convention" (Danford 1990, p. 35). Hume's empirical recognition of nature as a means to guide decisions with an ethical outcome in mind has renewed application in global business and decision-making. For instance, the ability to reflect on ourselves and others is the essence of ethical decisions. Discourse between the individual, the landscape and wider society is, thus, the pathway to meaning and behavior which is always negotiated. This makes the contrast between self and others the first part of a business decision (Zutshi, Creed, Sohal & Wood 2012). The mediating influence is that of the ecological environment in which people are forming their connections. The other contrast is between the things an individual and others find useful versus what is agreeable. To illustrate, the choice to document a large financial loss may be useful for the finance department and auditors, but not agreeable for the manager; therefore, what about for other stakeholders?

The Hume Moral Matrix (see Table 8.1) is summarized by putting the continua against each other (Self, Others and the Ecology versus Utility and Agreeableness). In other words, the matrix is formed by the outcome of a decision that is values-based, supremely useful, ethical-moral and congruent if

1. you find it agreeable,
2. others find it agreeable,
3. the land and ecology can be sustained by it,
4. you find it useful, and
5. others find it useful.

Table 8.1 Hume's Moral Matrix

<i>Is this decision to act in a certain way.....</i>	<i>useful to...</i>	<i>agreeable to...</i>
self?	<i>Yes or No?</i>	<i>Yes or No?</i>
others?	<i>Yes or No?</i>	<i>Yes or No?</i>
ecology?	<i>Yes or No?</i>	<i>Yes or No?</i>

This summates the wide ranging analysis of Hume as presented by Hume (1991). Likewise, the matrix in Table 8.1 portrays the key continua with the promise of a pragmatic pathway to a Humean version of a moral decision. Further, it emphasizes the large and growing recognition of the position of the natural environment in business decisions. Ecology needs to be preserved and sustained because it is the vehicle in which human relationships are to be kept today and into the future (Berry 1988). In fact, one could run a test for any enterprise-based decision and the expected outcomes. For a situation or decision to be viewed affirmatively in all convergences of the matrix would reveal a moral duty to fulfill that particular outcome.

In practice, not all situations or decisions people currently believe are moral or ethical will be able to respond to all six questions affirmatively. More importantly, although there are many areas confronting the decision maker, no fundamental moral value (the type that stands the test of time) would fail to have all six areas in the affirmative. The Hume-based instrument is applied by asking questions in need of moral responses and letting the answers form in a manager's own mind. A personal engagement or pact with the issue(s) is thus formed. Hume does not suggest, nor do we, that this is a way of generating moral obligation, but rather a way of focusing on facts that, when properly understood, will reveal moral obligations and influence them to come about.

Existing international business ethics commentaries provide a broad brush approach through topics including philosophy, culture, codes of ethics, stakeholders, social responsibility, and a range of framework options which are noted for their scope and complexity and often blended ontological foundations (Svensson & Wood 2009). By comparison, the Hume Moral Matrix establishes clear demarcation of conceptual streams and a cross referenced way to check and counterbalance the viewpoints. Addressing decisions and actions toward the variables in the matrix indicates how real changes in people's sentiments about self-interest are made, especially given global cultural complexities. Although current business ethics models cannot escape ethical dilemmas (Jordan et al. 2013), the Hume Moral Matrix can be used in situations where clear directions may not be evident in the actions of practising managers.

The matrix offers a concise tool for enabling managers to sum up a complex situation quickly. In the way that the SWOT Analysis (Strengths, Weaknesses, Opportunities and Threats) has become an immensely practical strategic tool, the Hume Moral Matrix can be used to assess the moral foundations of actions proposed in the global and other business environments. It brings together previously split lines of moral reasoning to provide a definitive assessment of situational morality and places the manager in a stronger position to consider the best decisions.

In Table 8.1, the values of utility and consensus about agreeableness over-arch and balance each other. Our longitudinal research yields three distinctive themes from the application of Hume's Moral Matrix; the need for a

moral compass, the nature and importance of quality in management and, ultimately, the shape and definition of a new relational ethics for global business informed by the core moral principles of Hume.

Moral compass – moral authority

International executive management experiences often include lies, bribes, money grabs and other ethically challenged behaviors. This indicates the need for a moral compass or inner predisposition that indicates fundamental rightness or goodness in various situations. What is the true nature of a moral compass and the extent of genetic versus conditioned or legal factors that may contribute to its strength or competence in different people (Verplaetse 2009)? It may be that an attentiveness or sensitivity to moral factors is the best beginning. Lack of a moral compass could cause moral insensitivity in some managers. Just as the socially or emotionally insensitive can benefit from counseling and learning tools for combating such malaise (Goleman 2006), perhaps, for the ethically insensitive the Human Moral Matrix could be a remedial tool. When one does not intuitively know the right thing to do, a test that is simple to follow can be helpful (Ross, Ross & Creed 2012).

Quality and ethics

Experiences of systems managers reveal that the tenets of quality are important indicators of how the outcomes should develop. The factors of quality management align with Hume's ideas of utility (fitness for purpose) and agreeableness (beauty). It is noted that the management of quality most naturally couples with the concept of utility (Juran 2004) but that less alignment has been made with agreeableness, except in the highest quality goods and services markets, where the aesthetic appeal begins to mean more to some people than a brand's actual comparative function. For instance, it is hard to argue when a salesperson explains that you get what you pay for; thus implying that something either useful or agreeable will come when enough money is paid (Prahalad & Hart 2002). If we look at this example through Figure 8.1, however, the whole side of the matrix dealing with considerations of self and others has not fully engaged if one is only thinking of use or beauty (O'Donahue 2004). There is scope for a large field of research of the full ethical spectrum in quality systems.

The Human Nexus

Building upon the foundations of Hume, we have developed a nexus tool to assist managers in the analysis of organizational decisions and actions. The nexus is a realistic and human-centered multidimensional structure that brings together relational, situational and moral factors. Figure 8.1 is

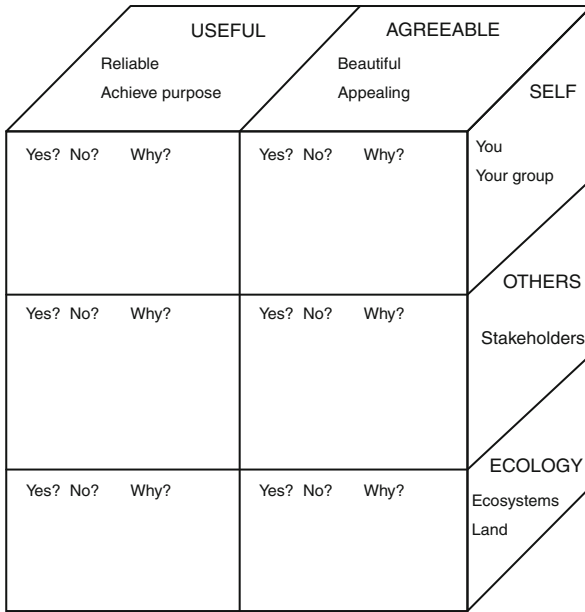


Figure 8.1 The human nexus: my decision/action is....

a useful and agreeable management, consulting and research-based tool that was distilled from our longitudinal project. Hume’s moral principles ultimately translate into humanistic ones and distil into the Human Nexus.

Analysis using the figure occurs on the front of the cube where convergences between multidimensional variables help focus one’s view of any given situation and decisions in working relationships. This new model of relational ethics is fit for use in business and other settings. It crystallizes previously disparate concepts that emerge in less integrated ways from the usual body of business ethics.

This is a touchstone concept and people may agree that it is the basis upon which they make their own ethical decisions, even if the ethical decisions they make are radically different than others because their experiences are different. Hume says we do not have to examine a fact in order to understand the causes, but we do have to understand that causes may be independent of the facts. He wanted people to rationalize things in ways that are not based on thinking that facts are always driven by certain causes (Hume et al. 1991). The nexus enables moral facts to become accountable.

An example of how the nexus can be applied to an international management situation is in the decision to drill a new oil well. Figure 8.2 indicates how the analysis may occur.

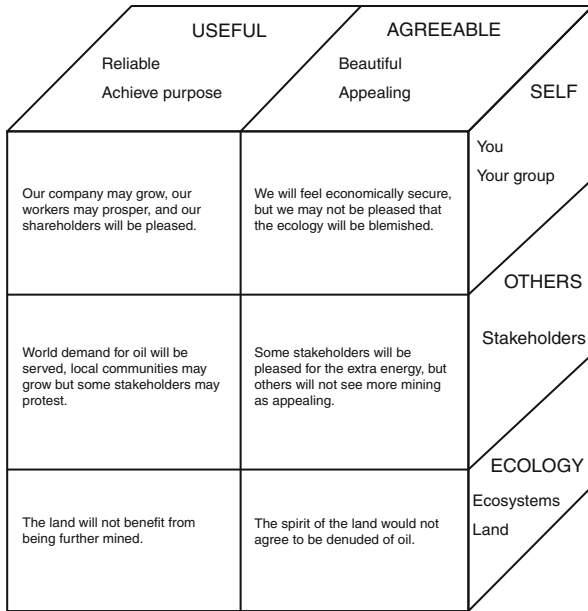


Figure 8.2 Should we drill a new oil well?

This analysis demonstrates a simple yet layered consideration of primal ethical factors in relation to the decision. In some sectors there are clear yes or no indicators, and in others there are not unexpected conflicts between expectations and outcomes. Taking the overall picture on balance, which is something that can be done in a relatively short time (or pondered upon for any appropriate longer period with a range of people if needed) a manager could decide which course to follow with confidence that key moral factors have been included.

Key lessons

The disparate and complex nature of many existing ethical models leaves business managers struggling to find pragmatic value. Through reflective research and testing we found the Hume-based Human Nexus is a useful and agreeable modification of ethical variables that have previously lacked integration. The research method involved shared and networked governance over the span of a decade and took us to the core of where international management research meets the rest of the world (Özkazanç-Pan 2008). Wherein situations changed, we changed within the rapidly restructuring global business environment.

The Human Nexus is a teaching and demonstration tool that enables theoretical accuracy and humanistic relevance. It relies upon Hume's extensive formal philosophical grounding in empiricism and brings together relational, situational, ecological and moral factors to focus the analysis. While the land and ecology factors were implied in Hume's work, our contribution in this chapter is to elevate the concept. The nexus is a new, practical tool to give practitioners a snapshot of ethical indicators in complex situations. Possibilities emerge for applying the Human Nexus at the academic level and in governance settings. We recommend further applied research to test the nexus in a variety of educational and business decision-making scenarios. When business decisions have to be made, an accessible and swift but grounded analysis must accompany and guide them. For global business and the ongoing education of its managers in humanistic principles, the Human Nexus has a unique application where diversity of belief, opinion and practice continues to challenge our civility, wisdom and grace.

In concluding, we note the profound influence that Wilf Backhaus (PhD, LLB), our friend, colleague and Hume scholar had on us and our work. We regret his passing in October 2009, and are pleased to continue his work and share the results of his original mining of deep things that can assist others understand how relational ethics are foundational for success in all aspects of public and private life. Commitment to the design and application of effective tools can enable the ethical mind in the creation of more human global business practice.

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9

An Integral Foundation for International Strategic Management

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An integral foundation for international strategic management

Many companies have implemented international strategies in order to increase profits and reduce costs (Landrum, 2012). International strategies include mergers, acquisitions, direct foreign investment, exports, licensing and joint ventures. International strategies “allow companies to exploit market imperfections through factor inputs (such as labor and capital) or raw materials (such as natural resources) that can be obtained cheaper in foreign markets” (Landrum, 2012, p. 43). The use of these strategies has led to “extraction and exploitation of human, political, natural, and economic resources” (Landrum, 2012, p. 43), particularly within emerging economies.

The impacts of globalization and strategic management, in particular, have not come without criticisms. Anti-globalization movements argue that the corporate imperialism mindset of globalization has led to the degradation of human rights, destruction of the environment, labor abuses and exploitation, disregard of indigenous cultures and cultural hegemony, and exacerbation of economic inequalities (Enterprise for a Sustainable World, 2006; Hart & Christensen, 2002; Klein, 1999, 2002; Landrum, 2012). Specifically, globalization is blamed for health problems (Chatterjee, Kumar, Goel, & Charter, 2007; Kleinfield, 2006; Vogt, 2009) and negative impacts in emerging economies (Hetter, 2005; Landrum, 2012; Sengupta, 2006;), particularly on women (Bacchus, 2005), and contamination and depletion of natural resources (India Resource Center, 2007; Natufe, 2001), while multinationals have prospered (Karl, 1997).

Strategic management has often been at the center of these controversies (Landrum & Edwards, 2011; Richardson, 1996). Strategic management has been accused of focusing on profit maximization at the expense of humans and the environment (Ghoshal, 2005; Richardson, 1996) and of creating negative impacts on society (Levy, Alvesson, & Willmott, 2003; Richardson, 1996). The tools of strategic management (such as

re-engineering, benchmarking and outsourcing) are blamed for employee discontent, underemployment, increased societal needs and a destroyed social structure (Richardson, 1996).

It is because of these criticisms, we believe, incorporation of non-economic theories into strategic management research is necessary. Current mindsets in strategy, shared or collective, continue to be driven by economics and competition and represent the accepted views of how things should be done, how businesses should operate and how businesses should compete (Pfeffer, 2005). Mobilized around these mindsets, they embody our shared image of what constitutes business. Building upon the work of Landrum and Gardner (2012), we present one alternative for making the organization and strategic management more humanistic, particularly in the approach toward globalization.

We begin with a brief introduction to Wilber's (1995, 1996, 2000, 2001) integral theory, then seek to show how Wilber's four integral quadrants can be applied to international strategic management. Adoption of this view of strategy has the potential to lead to the creation of strategic tactics and models that are more humanistic (Pirson, 2013; Pirson & Lawrence, 2010; Pirson & Turnbull, 2010).

Integral theory

Wilber's integral theory offers an excellent synthesis of generally ancient ideas and philosophies; we seek this same synthesis in strategic management. While we cannot offer an exact formula for creating an integral approach to strategic management, we can offer a discussion of how integral theory can inform the field of strategic management and serve as a template for humanistic management practice and future research.

In his vast work, Wilber (2000) describes integral psychology as an endeavor to "honor and embrace every legitimate aspect of human consciousness" (p. 2). The model Wilbur proposes represents both the interior and exterior aspects of each individual and the collective communities. Wilber uses this model to speak of human development and human consciousness; however, in this chapter we seek to apply an integral vision to business and, specifically, to strategic management. For the sake of simplicity, this chapter will focus only on Wilber's broad four-quadrant view of integral theory as the core of an integrally informed strategy.

Wilber's All Quadrant, All Levels (AQAL) theory is represented in Table 9.1. The two left quadrants are the interior quadrants. These quadrants focus on mindsets, philosophies, worldviews, and are not always observable, but they do guide observable actions. The two right quadrants are the exterior quadrants and focus on the observable result of the mindsets, philosophies and worldviews. The top two quadrants are the individual quadrants, relating to internal (mindsets and philosophies) and external (observable)

Table 9.1 Wilber's four quadrants

	<i>Interior</i>	<i>Exterior</i>
<i>Individual</i>	Focus: self, consciousness, thoughts, spirituality Language: I, first-person	Focus: brain, organism, observable, scientific Language: It, third-person
<i>Collective</i>	Focus: culture, worldview, mindsets Language: We, second-person	Focus: social systems, environment Language: Its, third-person

phenomenon of single individuals. The bottom two quadrants are the collective quadrants, relating to interior (mindsets and philosophies) and exterior (observable) phenomenon of collective groups. Wilber asks us to further accept that each complete entity (whether individual or collective) is considered a holon. However, each holon contains within it numerous other holons and is, itself, one unit of a larger holon. That is, individuals are complete holons which contain numerous other complete holons (such as cells) and are simultaneously units of larger holons (such as organizations and societies).

In the interior individual quadrant, the focus is on the self, consciousness, thoughts and spirituality. Wilber also views the interior individual quadrant as the building block for development of the other quadrants. In the exterior individual quadrant, the focus is on the observable aspects of individuals, such as physical presence and behaviors. In the interior collective quadrant, the focus is on shared culture, worldviews and mindsets. In the exterior collective quadrant, the focus is on systems. According to integral theory, it is the unification of these four quadrants that provides a comprehensive understanding of any phenomenon.

Integral theory quadrants and international strategic management

Landrum and Gardner (2012) propose an integral theory of the firm which serves as a new paradigm by which to view the organization and presents a broader view of the roles and responsibilities of business. They suggest that individual desires, capabilities and limitations, economic profit and humanitarian interest combined can work in synergy to maximize firm performance. Such a synergy would create a holistic approach; that is, an innovative way to redefine the existence, boundaries and organization of the firm. An integral theory of the firm challenges existing paradigms by allowing organizations to become more ecologically sustainable, socially responsible and economically competitive while simultaneously pursuing market and non-market strategies.

Building upon this foundation, we demonstrate how integral theory can further be applied to strategic management, particularly in the international realm. Wilber's integral theory allows integration of economic-oriented industrial organizational theories of strategic management with human interaction-oriented sociological theories of strategic management. In Wilber's integral model, there are four quadrants: interior individual, exterior individual, interior collective and exterior collective. We show how these four quadrants can be applied to strategic management to create more ethical and humane international strategies.

Interior individual quadrant

Within the two individual quadrants, the scope of strategic management concern is focused inward. In the interior individual quadrant of integral theory, the organization focuses on the development of individuals within the organization; this extends to all levels of employees. The organization fosters emotional, social, spiritual, ethical, moral, philosophical, psychological, and other forms of internal personal development and well-being for individual employees.

Research has shown that organizational commitment to individual or employee personal development can lead to productive work environments and high-performing organizations. For example, it has been shown that organizations that create an environment that supports and fosters flow or fulfillment, for employee well-being and happiness, will create a productive profitable work environment (Csikszentmihalyi, 2003). In high-performing organizations, employers engage their employees emotionally and rationally (Katzenbach, 2003).

The driver in this quadrant is the development of shared values. Organizations that perform well in the long-term have a strong culture; the values of which emphasize care and concern for three constituencies: (a) customers, (b) employees and (c) stockholders (Kotter & Heskett, 1992). The most productive companies are grounded in the pursuit of human values and a communal service dedicated to each other (McGrath, 1998). As organizations devote themselves to the individual development of employees, individuals are expected to assume responsibility and leadership in their thoughts and actions.

Substantive rationality involves the larger sense of meaning, mission, values, and identity that guides and motivates the constituents of an organization (Starratt, 1993a, 1993b, 1994). This multidimensional approach to leadership and organizational transformation should have its locus at the core of any strategic planning effort conducted within a postmodern context. (McGrath, 1998, p. 81)

A strong organizational culture that emphasizes high involvement, shared beliefs and values, and a sense of mission all contribute to the creation of

human capital and a source of higher organizational performance (Carmeli & Tishler, 2004). Thus, the personal development of individual employees becomes the organizational and strategic focus in the interior individual quadrant and cannot be overemphasized as an important foundation for building organizational success and strategic direction. Consistent with integral theory, this becomes the building block upon which the other quadrants are developed. A strong values-based culture created by nurturing the personal development of employees is the first step toward creating a humanistic international strategy.

Exterior individual quadrant

The exterior individual quadrant is a continuation of the internally focused strategy of individual development, which is driven by shared values and which fosters individual leadership and responsibility. This quadrant, however, shifts from the unobservable to the observable (biological or behavioral) regarding individuals. High performing companies have outstanding systems in place that give their employees the incentive to go the extra mile for customers and the company (striking a balance between enterprise performance and employee fulfillment) (Katzenbach, 2003). Employers that engage employees emotionally and rationally, equally track organizational performance and worker fulfillment (Katzenbach, 2003).

Within these two individual quadrants, values are the driving force. When values become a core part of the organization's culture they are considered to be the foundation upon which the company's external and competitive strategies are formed. In this scenario, employees are allowed to flourish and reach their fullest potential in order to have the most meaningful impact on the organization.

Leadership is demonstrated, in both individual quadrants, at an individual level (Waddock, 2006) and it is authentic (George, 2003; Terry, 1993). Individuals are groomed to become values-based role models and leaders, taking personal responsibility for their actions. By fully engaging, nurturing and developing employees, allowing them to pursue a sense of fulfillment, and creating a sense of shared values, beliefs and mission, the company is able to build upon this foundation of individual mindsets and behaviors to create a strong collective system in the collective quadrants. Once the strong values-based culture is in place through the personal development of individual members of the collective, the organization can begin to implement more humanistic integral strategies in the global marketplace.

Interior collective quadrant

The interior collective quadrant includes orientations, mindsets or world-views of the groups, the society, the culture, the organization and the industry to which the employees and organization belongs; each a complete holon. Within the interior collective quadrant, the organization is

concerned with mobilizing for competition, thus the strategic focus turns outward and competitive. This is guided by the shared mindsets of employees, the organization and the organization's competitive environment and industry. This allows for the creation and deployment of an integral strategy that is more humane and ethical, concerned for the impact on all individuals and collectives. To reach the highest levels of operations, integral theory would suggest organizations must first facilitate employees reaching their highest level of personal development within the individual quadrants. Only with ethical employees can you have an ethical organization and an ethical strategy, which is particularly critical in the international arena.

Within the realm of business, shared or collective mindsets are currently driven by economics and competition and represent our views of how things should be done, how businesses should operate and how businesses should compete (Pfeffer, 2005). Organizations then mobilize around these mindsets which reflect our shared image of what constitutes business. Current collective mindsets are economically and competitively oriented and, thus, condone many of the strategic activities of corporations in international markets, such as many exploitive activities in emerging markets. In order to expand the current mindsets beyond the profit orientation, organizations focus the change efforts at the interior individual quadrant because the interior collective quadrant is a culmination, or the sum of the parts, of all the individuals of the organization.

Leadership in this quadrant is demonstrated at an organizational/industry level. In this quadrant, the organization seeks to be an industry leader, often at any cost. "The value choices managers make as a group have effects that reach far beyond the borders of their organizations" (Anderson, 1997, p. 26). Within integral theory, organizations are cautioned, however, not to impose their interior collective mindset upon the exterior collective. That is, in integral strategy, the corporation would not impose Western ideals (such as practices, products, solutions or measures of success) when operating internationally. Rather, according to integral theory, multinationals should seek to foster the conditions that promote change, growth and development within the collective quadrants. That is, the multinational should seek to foster change, growth and development within the international markets where it operates; this is particularly germane to emerging markets. Again, interior individual development of all employees at all levels is a crucial first-step in any organization and in creating this healthy interior collective mindset.

Exterior collective quadrant

The mindset of the interior collective quadrant becomes observable through the actions observed in the exterior collective quadrant. Thus, a corporation's or industry's view of "what they are" or "who they are" will impact their choice of behaviors within the exterior collective. While experience

shapes a corporation's perceptions and behaviors (Pralhad & Bettis, 1986), socialization and observational learning can also shape a corporation's behaviors (DiMaggio & Powell, 1983).

International strategic management activities in the exterior collective reflect our internal collective beliefs and mindsets and also recognize, as equally valid, the mindsets of others. Historically, strategy has been viewed only as the activities taking place within the interior collective quadrant, within the organization and its competitive environment. However, in our view, strategy is not a narrow one-quadrant view, but a more integral approach which includes a rebirth, a journey, and eventually an achievement of a higher level of development, beyond anything we can currently conceive. Through this integral approach, international strategy can adopt more ethically balanced and humane tactics and help raise standards for business operations across worldwide markets. Again, this level of achievement begins by starting in the interior individual quadrant with personal growth and development of individual employees.

Within the exterior collective, the organization is focused on contributions to society, generally in the form of corporate social responsibility and environmental sustainability initiatives. The driving force behind these behaviors is sustainability, considering both social impact and environmental impact and the health and survival of economic, social and environmental systems. Research has shown that organizations often copy management practices and rationales from peers (DiMaggio & Powell, 1983), thus, leadership in this quadrant is demonstrated at a societal level (Waddock, 2006) and continues to set an example for other organizations, both inside and outside the industry. This allows multinational corporations to flourish as strategic change agents and trendsetters in contributing to the betterment of society. In a world where many social needs exist, integral strategy encourages multinational corporations to become part of the solution.

As international strategic management addresses societal issues in the exterior collective quadrant, it should be recognized that, over some time, better ways will emerge. The exterior collective quadrant includes observations of stages of development of entire systems and the environment. As strategic management moves into this quadrant, it would follow that individuals and collectives must not view those we seek to help as something or someone that needs to be changed, controlled or mastered (such as the environment or indigenous cultures). It follows that individuals and collectives avoid imposing Western ideals. Rather, from an ethnographic standpoint, we should aid in preservation and development "on their own terms." In integral theory, one comes to appreciate the rich mosaic of all humans, views and systems that lead to the creation of this exterior collective quadrant and each is seen as equally valid and necessary. Furthermore, the contribution of others is valued, realizing that the worldviews of our interior collective (which drives the actions of our external collective) are

not the only “correct” way to operate. Integral theory states that as humans, systems, consciousness, and even businesses evolve, eventually a new and higher level will be revealed of which we are currently unaware; there will always be a higher level to which we aspire, thus each level of development is necessary and each has its place. Integral theory does not seek to bring everyone to the same level or advocate that one level is best. Rather, this theory seeks to embrace the rich diversity within the world and to preserve and promote a healthy and productive journey for all. Thus, strategic management can make a contribution to more humane corporate global practices through a mutual respect and understanding of the importance and necessity of multiple levels of stages of development.

There are many businesses creating organizational strategies in the exterior collective quadrant that have moved beyond the interior collective quadrant. Arguments support that corporate social responsibility initiatives (and presumably more recent sustainability initiatives) have been found to be either economically or ethically driven with little theoretical synthesis between the two (Windsor, 2006). For example, Wal-Mart’s environmental sustainability initiative required 60,000 suppliers to join the sustainability strategy. The sustainability move benefited Wal-Mart economically and, therefore, is not a holistic implementation based upon a values-based corporate culture. This example demonstrates that companies have integrated sustainability for either economic or ethical reasons but most have failed to integrate the two.

The focus in the exterior collective quadrant is societal leadership and systemic change, resulting in improved conditions for all; the exterior collective represents the *combined* efforts of individual companies and industries. No single business can be expected to change society, so although businesses are creating organizational strategies in the exterior collective quadrant, they have yet to effect *systemic change* in the exterior collective quadrant. Thus, a tension exists between older modern approaches and newer post-modern approaches (Landrum & Gardner, 2005). Through a combination of business, political and religious leaders, we believe it is possible to create wide-scale systemic change and to move corporate America into the exterior collective quadrant. As the number of businesses using organizational strategies in the exterior collective quadrant increases, particularly with the inclusion of multinational corporations entering this quadrant, we are hopeful corporate America collectively achieves a higher level of integral awareness.

AQAL creates a humanistic approach

The key success factors (KSF) to the successful development of an integral strategy are related to the complete integration of all four quadrants. In their analysis of ten corporations’ sustainability behaviors, McEwen and Schmidt (2007) sought to apply the corporate sustainability behaviors to the four

quadrants of Wilber. McEwen and Schmidt (2007) asked the organizations to identify the keys to success to their sustainability initiatives. They found that companies identified forty-seven percent of the KSF related to interior factors and the remaining related to exterior factors, suggesting that both are critical and a focus only on exterior or interior quadrants alone is insufficient. Furthermore, they found that companies identified forty percent of the KSF related to systems factors (the exterior collective quadrant) and the remaining were related to the other three quadrants, again suggesting that an integration of all quadrants is critical to success.

However, when the research focus is on archival data of sustainability, Barrett Brown's (2006) review of books on sustainability which were then analyzed in terms of Wilber's quadrants, found that books show an overwhelming bias toward systems factors (the exterior collective quadrant). Therefore, the books reviewed do not reflect the importance that successful companies from McEwen and Schmidt's (2007) study have stated must be placed on the other three quadrants.

McEwen and Schmidt (2007) conclude that the four quadrants must be integrated into an "all-quadrant change process" (p. 26) and embedded deeply into the roots of the business to be most effective. The key to this embeddedness is a change in mindset, which begins in the interior individual quadrant (McEwen & Schmidt, 2007).

We can summarize this discussion of each quadrant as applied to international strategic management in Table 9.2. Each quadrant has its own unique organizational focus, strategic focus, driving force and level of leadership.

This application of AQAL to international strategic management was the foundation for the development of an integral strategy model (Landrum, Gardner & Boje, 2013) as summarized in Table 9.3 and Figure 9.1. Taken together, we suggest that until organizations re-examine their core values and beliefs, we posit that the tenets of strategy, and thus international strategy, will continue to be economic and profit-oriented and will continue to contribute to the many negative impacts of globalization.

Summary

There have been numerous criticisms about the negative impacts of globalization. Strategic management is often at the center of these controversies and is blamed for multinational corporations' focus on profit maximization and exploitation of resources. We have introduced Wilber's (1995, 1996, 2000, 2001) integral theory (Table 9.1) as an alternative approach through which firms can draft strategies that would be more humanistic (Pirson, 2013; Pirson & Lawrence, 2010; Pirson & Turnbull, 2010) and produce more favorable outcomes. Landrum and Gardner (2012) argued that an integral theory of the firm presents a broad view of the roles and responsibilities of business and allows firms to become environmentally and socially

Table 9.2 AQAL applied to strategic management of organizations

	<i>Interior</i>	<i>Exterior</i>
<i>Individual</i>	Organizational focus: self-development (emotional, social, spiritual, ethical, moral, philosophical and psychological) of all employees at all levels and creation of a values-based culture	Organizational focus: skills development, leadership and change management
	Strategic focus: internal – development of employees as human beings	Strategic focus: internal – development of employee skills needed for the company
	Driver: values	Driver: values
<i>Collective</i>	Leadership level: individual	Leadership level: individual
	Organizational focus: strategic, legal and ethical management of the internal and external operations	Organizational focus: contribution to nature and the social good
	Strategic focus: competitive – mindsets which guide the coordination of organizational thoughts, activities and systems necessary to compete within the industry	Strategic focus: external – beyond the company and industry
	Driver: economics	Driver: sustainability, both social and environmental
	Leadership level: organizational	Leadership level: societal

responsible and economically competitive while pursuing both market and non-market strategies. Landrum, Gardner and Boje (2013) presented a comprehensive 3-tiered integral strategy model that brought together internal values-based strategies, with competitive economic-based strategies and external sustainability-based strategies (Table 9.3; Figure 9.1). We bridge these works by showing how integral theory can inform strategic management in the creation of a more humane approach toward strategy formation and implementation, particularly in international arenas where corporate strategy has been most criticized (Table 9.2).

Integral theory can be viewed through four quadrants (Table 9.1). Research suggests that balanced inclusion of all quadrants is critical to a company's success (McEwen & Schmidt, 2007). When strategic management is viewed through the lens of integral strategy, we can make the following statements.

Table 9.3 Integral strategic management model

TIERS	Goal	Characteristics
Tier 1 – Internal strategy: An individual values-based strategy	<ul style="list-style-type: none"> • Strategically integrated values • Employees strategically nurtured and developed to become agents of positive change 	<ul style="list-style-type: none"> • Strong values system strategically planned and integrated throughout the company as the foundation for other tiers of strategy • Employee development and fulfillment of mind, body and soul • Tempered radicals • Cultural creatives
Tier 2 – Competitive strategy: An organizational economic-based strategy	<ul style="list-style-type: none"> • Strategically integrated values and company operations • Organizational leaders position companies to create new competitive standards within an industry. “Doing well by doing good.” 	<ul style="list-style-type: none"> • Strategically integrated model of operations built upon a strong values base. • Competitive positioning following traditional strategy models, primarily differentiation, to incorporate the organization’s value influence into its strategic and operational practices in order to create sustainable competitive advantage. • Raise the standards and set the example within an industry.
Tier 3 – External strategy: A societal sustainability-based strategy	<ul style="list-style-type: none"> • Strategically integrated values, company operations and societal systems • Organizations create systemic change at a societal level. The goal is to lead society in improving social and environmental systems. 	<ul style="list-style-type: none"> • Social sustainability strategies seek to address the impact an organization has in resolving pressing social issues. • Environmental sustainability strategies address issues related to conservation of natural resources. • Both types of sustainability strategies seek to engage and benefit those beyond the corporation and its industry within Tier 2.

The individual interior quadrant is the foundation and building block for a successful integral strategy. In this quadrant, the organizational focus is on the self-development of its employees and the creation of a strong shared

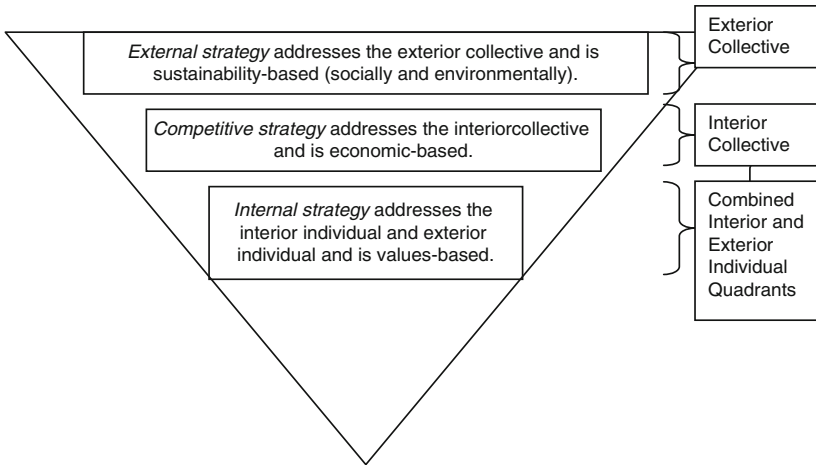


Figure 9.1 Model for integral strategy

values-based culture. In the individual exterior quadrant, the organization develops the observable behaviors and skills the employees need in order to help the company achieve success. These behaviors and skills conform to the shared values and encourage individual leadership and responsibility. Together, these individual quadrants (both interior and exterior) constitute the company's internal strategy. In the collective interior quadrant, the organization focuses on strategic, legal and ethical operations while the strategy centers on the coordination of collective thoughts, activities and systems to successfully compete. This quadrant constitutes the company's competitive strategy and the organization must emerge as a leader within its industry. In the collective exterior, the organization seeks to contribute to the common good through systemic change and to become a role model for all. This is the company's external strategy. The corporate activities within both collective quadrants have the potential to be game changers, if integrally informed. When the four quadrants are combined and included in strategy formation and implementation, this AQAL approach (Table 9.2) creates an integral strategy (Table 9.3; Figure 9.1). Because integral strategy is predicated upon individual personal development and a shared values-based corporate culture, it serves as the basis for a more humanistic approach toward international strategies and globalization.

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Part II

Business Practice and Policy

10

Humanistic Values in the Gulf Cooperation Council: An In-depth Study of Humanistic Dimensions in the Region

Marianela Rivera and Ousama Nuhad Salha

Introduction

Organizations can benefit greatly from a globalization effort, not only through monetary gains but also by continuing to develop their own organizational capabilities. Globalization initiatives present organizations with complex sets of challenges that mainly can be traced to the host nation's cultural and infrastructural implications. Such factors can contribute to the organization's failure in their global initiatives.

Organizations that operate globally are most successful when aligning their current competencies and knowledge structure to that of the host nation and most importantly the organization of cultural adaptability (Yaeger, Head & Sorensen 2006). Globalization is a socially driven process involving people and countries in organizational and national corporate relationships. These new relationships make it possible to come together to create a believable form of globalism that is desirable and useful for survivability (McNamee & Gergen 1999) in this new world of globalization.

In response to the need to organize beyond physical borders, the Gulf Cooperation Council (GCC) was established in 1981 as a council of six nations (Kingdom of Saudi Arabia, Kuwait, the United Arab Emirates, Oman, Bahrain and Qatar). The GCC nations are similar in culture, religion, language, wealth and political system, and those similarities were behind the development of the Council (At-Twajiri & Al Muhaiza 1996).

This chapter reports on specific segments of globalization and examines the humanistic dimensions of the mainly public sector workforce of the GCC. The presented findings are the outcome of a two-year-long study that examined the humanistic and cultural dimensions of GCC citizens. In addition, this chapter discusses a practitioner's view on consulting in the GCC region including cultural dimensions in the region in alignment to humanistic values of organizations and individuals such as dignity, the strive of social acceptance, the need for power and effect of religion and ethics on the workforce.

Research overview

The presented findings are based on a mixed methods approach. This approach has been selected in order to combine both qualitative and quantitative methodologies to provide a better understanding and analysis of the findings of this study as well as the enhancement of the possibility for identification of previously unexplored theories regarding the topic; however, this does not suggest either methodology is not valuable as a standalone research methodology. The combination of collected quantitative and qualitative research results in the emergence of a stronger, more valuable and larger database to be formed for a detailed and complete analysis of the research problem. This provides the study with a stronger foundation that allows the findings to be integrated to form a better understanding and interpretation of the overall results (Creswell 2009).

A published survey was deployed as a numerical tool that aided this study in defining the trends, attitudes, opinions, values and beliefs of practitioners in the GCC region. Surveys use a hypothetic-deductive approach to identify and define the scope of the different variables being analyzed (Rudestam & Newton 2007). The aim of using a survey as a research tool in this study is to predict the circumstances that lead to certain events and conduct a comparison with other variables that are associated with explained phenomena. The survey was intended to be an anonymous study of 126 global practitioners who conduct interventions in the GCC. The survey explores different characteristics of global practitioners and contains the following elements:

- Humanistic values often associated with carrying out work
- Attitudes and observations
- Motivators and rewards associated with engaging in international work specifically in the GCC region

In addition to the results collected from the published survey, a total of eighteen interviews were conducted with practitioners specializing in cultural-based interventions.

Humanistic cultural dimensions

Cultural complications and complexities have been discussed by multiple theorists since the 1960s. Hofstede is considered one of the pioneer researchers who studied and defined cultural dimensions across nations based on his work at IBM. Hofstede et al. (2010) defined four different cultural dimensions across the globe. These global dimensions are:

1. Power Distance
2. Uncertainty Avoidance
3. Individualism/Collectivist
4. Masculine/Feminine

Although the work of Hofstede (1983) addressed the cultural dimensions that are humanistic-based in the Arab region, many theorists such as Twajiri and Al Muhaiza (1996) challenge its accuracy under the argument that the Arab region cannot be categorized as one nation with common cultural implications. Twajiri and Al Muhaiza (1996) administered a similar study to that of Hofstede in the early 1990s and their findings indicated major contradictions across multiple dimensions such as power distance as well as uncertainty avoidance.

The findings presented in this chapter offer the most recent in-depth study that investigates cultural and humanistic implications of GCC citizens. Understanding human nature includes the human need for dignity, social interaction and the drive to acquire knowledge (Pirson 2013).

Based on the data analysis from the deployed surveys and the conducted interviews, four humanistic-based cultural dimensions of the GCC region were identified, all of which are embedded in our understanding of human nature. These dimensions are:

1. Socially-based Dimension
2. Dominance-based Dimension
3. Learning/Growth-based Dimension
4. Spiritual-based Dimension

The following section will address each of the defined cultural and humanistic dimensions.

Socially based dimension as a sense of belonging

The socially based dimension refers to the need for members of a community to achieve a sense of belonging in a community and the need to experience feelings of recognition through one's contribution to the community. The socially based dimension is the first to emerge from analyzing the interview data. GCC citizens strive for belonging to a community and for the need for recognition. This fact is validated by At-Twayri and Al-Muhaiza (1996) who argue that GCC nations are highly collective societies and function better in groups. Furthermore, this supports the work of Hofstede (1983) in the GCC region, where he classified the Arab world as highly collectivist societies. Companies operating in such collectivist societies are designed-based on group values and individual employees tend to give up their own needs for the betterment of the whole group (Hofstede et al. 2010). In addition, Ali (1995) states that management of organizations operating in the GCC region tend to share similar values as they relate to Islam due to inherited tribal traditions. Tribal traditions are purely collectivist groups that pride themselves on teamwork and commitment to each member's well-being in the tribe.

Pirson and Lawrence (2010) suggest that the human need for social belonging comes second to individual benefit. Pirson and Lawrence (2010)

add “Homo Economicus engages with others only in a transactional manner to fulfill his or her interests. He/She is amoral, values short term gratification and often acts opportunistically to further personal gain” (p. 3). Moreover, the author added that humans are guided by principles aimed to accomplishing long-term relationships to serve oneself and that each individual’s self-interest triggers their need for social relationships.

This theory has gained strong support by western theorists of low context cultures and can also be considered accurate in the GCC region. However, these research findings show that GCC citizen’s social need is the result of regional Islamic origins which emphasize the importance of unity and supporting each other for the betterment of the group. Furthermore, GCC citizens are organized into tribes that strongly associate their well-being and existence to the unity of the group. Each tribe member proves their loyalty to the group by undertaking the responsibilities assigned to them, thus, creating a social force that strengthens the larger group. Therefore, although humans value their self prior to valuing others, in the GCC region, people value others because of religion (Islam) and the need of group work for survival.

Alder et al. (1986) believes that cultures are collectively based on controlling their members via the use of internal pressure and, in many cases the feeling of guilt and fault toward the collective group. This is also the case for citizens in the GCC region where individuals who do not behave in a specific manner or display misalignment to the expectations set by the larger group are expelled. However, when members behave as per set expectations, the group as a whole becomes stronger and loyalty is interpreted as a sense of achievement. Hofstede (2010) also classifies Arabs as highly collectivist societies. In collective societies, organizations are designed to be dependent on group values and members place the needs of the group as a priority. Thus, employees in collective societies give up their own needs for the betterment of the group as a whole (Hofstede et al. 2010).

As discussed earlier, At-Twayri and Al-Muhaiza (1996) conducted a second study identical to that of Hofstede in the mid 1990s. Although many of the resulting findings contradicted Hofstede’s (2010) research, the rating of Individualism versus Collectivism Index (IDV) was identical. This is aligned to the findings of this study where collective needs of the GCC nationals were defined as a cultural dimension to be considered when a practitioner is implementing change.

The community feeling of GCC nations can be the result of the vast wealth attained from oil and gas discoveries. However, their existence is endangered as a result of their more powerful and aggressive neighbors that can threaten their survival. As a result, it became part of the GCC culture to work as collectivist societies rather than an individualistic society. This provides such nations with additional strength that is a result of creating a larger group that contributes to their safety and continuous existence. This is supported

by At-Twayri and Al-Muhaiza (1996) who argue that “religious teachings, external threats, and social forces had a greater effect than wealth with regard to individualism index. Such situations caused these populations to maintain a strong social framework that promotes collectivism” (p. 128).

Although the need for social belonging was evident during this research, so was the need for dominance over other members in the group. The following section will address the need of GCC nationals to exercise control and dominance over others.

Dominance-based dimension: the need for power and control

Dominance is a cultural dimension that emerged in the study and it refers to the need for power, control and pride by GCC nationals. Practitioners working in the GCC region continuously emphasized the GCC nationals believe that all expats are visitors, thus, making GCC nationals the power holders. Interviewed practitioners explained that at least once during their engagements in the GCC they heard aggressive terms such as, “You are only a visitor.” In many cases such language was brought up without an actual cause and occurred early on in an engagement. Furthermore, practitioners mentioned that most nationals are poorly educated and were born “with a golden spoon in their mouth,” which makes them believe they are privileged and more knowledgeable. Thus, it is important for practitioners working in the GCC to give credit to nationals, even when they have not achieved any tasks. This would generate buy-in during the engagement process and would make nationals feel as major contributors to the organization’s success and, therefore, would allow the nationals to feel they are in a position of power.

Although the need for collective work was evident in the study, the need to prove one-self was also evident. Practitioners shared their experience with locals who repeatedly reminded them that they (the nationals) are in charge and the country belongs to them, while the practitioner is only a guest. Such statements were not work related; however, clients who were nationals went out of their way to remind expats that they are working in their country.

The need for dominance by GCC citizens over expats can be attributed to a humanistic principle of governance. Governments as well as organizations in the GCC region maintain a top-down structure (command and control). All GCC nations are mostly run by royal families and although some of these nations such as Kuwait do hold elections, the elected individuals are under the authority of the Prince or King. The same principles hold true amongst the relationship between expats and GCC locals. GCC locals are considered higher in social status and therefore maintain control over others.

The values of humanism perceive individuals as men and women who materialize freedom (Pirson & Turnbull 2010). GCC nationals feel more significant than others (especially expatriates) since the majority of GCC laws and the legal structure are devised to protect and prefer nationals over

expatriates. Such laws include Qatarization, Saudization and Emiratisation, where by law, if a job could be done by a national, then expatriates must be let go. Another typical law of GCC nations that favors nationals is the “sponsorship” law: expatriates are not allowed to work in the country unless they have a sponsor’s approval who is a national. In addition, expatriates have limited power to do simple activities in the country, such as opening a bank account without a sponsor’s letter of approval or even common needs such as getting a driver’s license or traveling. Such laws have capitalized on the feeling of dominance by GCC citizens against expatriates.

The top-down social governance structure in the GCC places nationals in a higher social status than expatriates, limits individual freedom principles and results in nationals’ feeling of “Dominance.” To that end, organizations in the GCC do not maximize on their strategy and operational efficiencies since GCC structures are hierarchy centered and do not capitalize on human capabilities and effectiveness (Pirson and Lawrence 2010).

This common attitude from GCC nationals toward expatriates creates a contrast with the “colonial discourse” extensively discussed by Gramsci (1971), in which the East is described as “backward, unable to change, inferior, and feminized, while it represents the West as progressive, advanced, and masculine” (Özkazanç-Pan 2008). In this case, the GCC nationals use their wealth and their ongoing economic development as pillars to develop, establish, support and keep laws that provide them exclusive protection against expatriates even against standard humanistic principles such as the need for freedom. As a consequence, the “traditional” role of the Westerners as the dominant colonizer is transformed into a more passive role used by GCC nationals as a temporary (but necessary) tool toward political, social and economic development.

The relationship between the West and the GCC mandatorily takes us to Edward Said’s “Orientalism,” in which he highlights the connections between Western knowledge and Western material interests toward the Middle East. In his research about the implications of postcolonial studies on International Management, Banu Özkazanç-Pan (2008) summarizes the idea of Orientalism as “the textual and material domination of the Orient made possible by making statements about it, authorizing views of it, describing it, by teaching it, settling it, ruling over it.” He also adds that the patronizing Western attitude toward Middle Eastern countries described by Said (1978) creates a “fictionalized Orient” that at the same time shows that Western pursuit of knowledge is not disinterested (Özkazanç-Pan 2008). One of the main points highlighted by Orientalism is the representation of the West as the advanced, dominant subject and the East as the underdeveloped object in need of Western political, social and economic interventions. In the GCC countries, the need of power and control reflected in a dominance-based dimension, has slowly tried to invert those roles. The relationship between expatriates and GCC nationals

could be then defined as one of codependence since it is based mainly on political and economic interests from both sides. However, as Özkazanç-Pan (2008) points out, Said's analysis of the relationship between West and East is mainly focused on issues of power/knowledge: how much is it known about the East and how accurate is that knowledge? How is that knowledge produced and what significant material consequences does it have on the East? How accurate is that knowledge if compared to reality and what do they do with it?

At-Twajiri and Al Muhaiza (1996) argue that striving for dominance and claiming of territory by nationals in the GCC can be associated with the early development of these nations. The founding principle of the GCC region is based on tribal status, which includes tribal pride and family rulings. The need for power and self-recognition by GCC nationals was also referenced by Al-Meer (1996) who conducted a needs assessment research of GCC nationals and compared it to Westerners. Al-Meer (1996) argues that the need for control and power that contributes to a GCC national's self-esteem was rated as an important need for GCC nationals.

The Arab region was ranked 122 on the Power Distance Index (PDI) presented by Hofstede et al. (2010). Power distance is more associated with the value system of the weak or less powerful employees, and this is vibrant by the way the more powerful members of any GCC organization behave. Hofstede et al. (2010) add that dominance can be a result of the social-class an individual may belong to, the level of education and their career profession.

Hofstede et al. (2010) argue that nations where the workforce fears their supervisors and managers are high on power in their national culture. Staff tends to prefer their managers making decisions so they are not held responsible. Furthermore, collective societies, such as the GCC, tend to be more power hungry than individualistic nations. The need for power is related to the value system of the less powerful members and this is made more obvious by the way the more powerful members in the organization act (Hofstede et al. 2010). The Middle East ranked high on Hofstede Power Distance Index (PDI). Thus, the people accept the system of the more privileged and hierarchy ruling structure. Dominance and the need for power and control over others can be the result of social class and level of education, as well as career profession.

Study findings indicated that GCC citizens feel more privileged than expatriates because of their social status and the protection provided for them by their governments. As a result, GCC citizens show territorial behavior while constantly reminding foreign practitioners that their work would not have impact on the organization unless they (the nationals) decide otherwise. Therefore, nationals are territorial and take advantage of presented opportunities to remind foreign practitioners of their "permanent status" as visitors.

Although dominance was a clear cultural dimension of GCC nationals, so was the need to improve oneself through learning. However, the need for growth via learning is a complex cultural dimension that must be balanced in order to prevent GCC nationals from feeling underprivileged. The following section addresses the learning-based cultural dimension raised by the research findings.

Learning-based dimension: a strive for growth

Learning is an important humanistic dimension that was identified; it refers to the need for innovation, knowledge and the use of fear as a tool to reach a learning state. Many GCC citizens are afraid to be viewed as incompetents by their peers. Therefore, fear can be used to the advantage of the educator. Learning is uniquely critical for the development of the GCC nations that currently lack the required level of expertise to improve their performance. In his research, Al-Meer (1996) noted that GCC nationals ranked the need for self-actualization which is a critical humanistic need as the most important need and, as such, GCC nationals seek continuous growth in order to achieve their greatest potential.

In Islam, learning and improving one-self is an important foundation. This is a positive indication of why the learning and growth cultural dimension was identified. Prophet Mohammad perused people to follow the Islamic belief through the use of group teaching methods. This is well aligned to the findings from the analyzed interview data in which practitioners indicated the importance of transferring knowledge through the use of community learning techniques, as well as learning through the use of religion, which is part of this chapter's proposal. Furthermore, data findings indicated that the use of fear can be an effective tool when other teaching methods fail. This is also aligned to the Prophet's last resorts for teaching. When the group teaching techniques fail, the Prophet would resort to a more forceful method of teaching that would surge the feelings of fear experienced by followers.

Ali (1996) states that Prophet Mohammad used three different traditional methods of teaching. These methods can be adapted by practitioners in the GCC nations to improve the success rate of interventions.

The first is *mudarasa* or spirited debate. This is a means to stimulate discussion, generate better ideas, and develop new perspectives. The role of the leader is to identify the specific issue for discussion, direct the meeting, and provide various options for tackling the problem. The second is *muthakrha* or specific goal-oriented assignments that will be the subject of intensive *mudarasa*. The third is *munatharah* or theory building: an individual introduces his/her theory and others comment on its strengths and deficiencies. These traditional methods have been used in the Arab culture and helped, to some extent, in maintaining

cultural identity through transition. These three traditional teaching methods used by Prophet Mohammed can be utilitarian and when used by practitioners should not be underestimated in the GCC. They may call attention, however, to the need for a different mind-set on the part of the facilitator. (Ali1996)

There are similarities between the three different types of teaching methods discussed above by Ali (1996) and the teaching methods identified in this study. Table 10.1 aligns the three different teaching methods taught in Islam to subcategory terms defined by the research participants.

The GCC countries' striving for growth and knowledge is directly connected to the essential part of the ability to transform oneself, others and the environment, which is a key element of human nature. Pirson and Lawrance (2010) stated that "humanism assumes that human nature is not entirely a given, that it can be refined, through education and learning" (p. 6). These elements, along with the concept of collective vulnerability, the social environment of human existence, and intelligence are crucial elements of the notion of human dignity (Pirson 2013). The GCC nationals' need of self-actualization, training and growth, the religious elements behind it, the expected behavior of those who follow it, and the actual response to it is reflected in current organization practices and the relationship developed between GCC nationals and expatriates. Understanding and adapting Islamic teaching methods by practitioners is fundamental to understand GCC countries' culture and ongoing development. However, the issue arises when those teaching methods are not necessarily followed by GCC nationals themselves. This situation creates an evident gap that highlights the need of explaining human motivation and understanding the question of ethics and values within organizing processes in the region in order to explain the social nature of organizations and the notion of dignity itself (Pirson 2013).

The following section will address spiritually based cultural dimension, the last and final cultural dimension of GCC nationals that has emerged from the conducted study.

Table 10.1 Islamic teaching methods versus GCC teaching methods

Islamic Teaching Method	GCC Teaching Method
Mudarasa: Learning through discussion, reflection and innovation	Learning through innovation
Muthakrha: Learning through goal-oriented assignment and practice	Learning through practice
Munatharah: Learning through devising new theories and discussion around its strength and weakness.	Learning through interaction

Spiritual-based dimension

The spiritually based dimension refers to religious and ethical factors that influence the behavior of GCC nationals. Spiritual commitment was often brought up by interviewed practitioners and was discussed as part of other previously defined dimensions, such as the learning and social dimensions (belonging to a community). However, the emergence of the spiritually based dimensions in this research contradicts that of the dominance dimension. This is because the Islamic Religion and the Islamic Work Ethics (IWE) preach against dominance and power in the community and in the workplace. Different Islamic Schools, such as Ikhtiar and Ibn-Rushd, emphasized the importance of equality in treatment of the members of a community. Based on the findings of this study, certain factors of the Islamic religious values and beliefs are ignored to fulfill emotional needs of power by GCC citizens.

Religious influence in the GCC countries and in their organizations is one of the most noticeable and defining factors of their society and culture and at the same time could be seen as a challenge for practitioners when implementing change. Islam is one of the main pillars of GCC national's behavior, way of thinking and treatment toward expatriates and in many cases practitioners and organizational research itself fail to address social, ethical and developmental aspects that are directly related to this cultural dimension. Practitioners' voluntary or involuntary lack of understanding of this element creates an imminent limitation in their efforts and jeopardizes any step taken toward development.

Strictly followed by the GCC nationals or not, spirituality is an essential part of the GCC national's identity that cannot be changed or refused by practitioners. The need of mutual adaptation from both sides leads the way to Bhabha's (1994) concept of hybridity, which is no longer limited to narratives of cultural imperialism, but has also been linked to business schools and researches. Özkazanç-Pan (2008) points out that "hybridity reconfigures present-day international business people and management practices as in-between rather than pure and identifiable. By dismantling these ideas of cultural differences between people, hybridity allows for reformulation of IM research on identity and globalization." In the same way, the religious element that defines GCC nationals' identity and attitude toward changes implemented by expatriates in their organizations must be taken into consideration instead of implementing changes purely based on experiences that took place in Western organizations.

GCC citizens are extremely religious and practitioners are more likely to be successful in their efforts if they can relate to nationals on a spiritual and ethical level. Islam perceives hard work as a religious duty that helps followers reach economic stability, social and psychological comfort, prestigious status, and continuous development and growth. In support of this

argument, Kamaluddin and Manan (2010) state that IWE is derived from Islam and is devised based on the following four principles:

- Effort
- Team Work
- Transparency-Honesty
- Morally responsible conduct and trustworthiness

Pirson and Lawrence (2010) stated that “ethical component remains a cornerstone in humanism in that it attributes unalienable rights to everybody, independent from ethnicity, nationality, social status or gender. Humanism addresses everybody and is universal in its outreach” (p. 6). The IWE has a great emphasis on strong work ethics, such as meeting deadlines, working hard and group work. Work in any Islamic region, such as the GCC, fosters social relationships through group interactions (teamwork). Ali (1996) argues that Islamic Principles and Prophet Mohammed’s prescriptions are the main guiding principles of Muslims. Thus, any business transactions should in principle follow Islamic guidelines. Ali added, “Islam is a comprehensive religion that regulates not only the ascetic but also the worldly tendencies. Almost all social, political, and military precepts are covered in the Quran, along with the piety of the soul and the moral aspects of individual behavior” (p. 6).

Conclusion

This chapter investigates the humanistic values associated with carrying out work in the GCC region and this includes practitioners’ attitudes and observation toward the GCC host nation. A mixed method approach was deployed to investigate the humanistic and cultural dimensions of GCC citizens and four humanistic dimensions were presented based on the outcome of the conducted study. These dimensions include:

- Socially based Dimension (recognition, community): Contribute to the organization success through the use of community
- Dominance Dimension: Strive for power and control over the organization’s resources (pride, power, territory)
- Learning/Growth Dimension (innovation, knowledge, ignorance, fear): drive for growth through knowledge transfer
- Spiritual Dimension (religion, ethics): Use of religion as a tool for organization adaptability and growth

The characteristics of the GCC society and its strong presence in organizations established in the region represent an evident challenge to

practitioners implementing change in order to create and develop organizational and national corporate relationships. The dimensions previously mentioned summarize humanistic pillars that hold together society and also organizations in the Gulf region: community, power, knowledge and religion. These dimensions are not new and have not been recently developed in the GCC society, but have always existed as part of the GCC citizen's identity. Nowadays, culture directly affects the GCC citizens' interaction with expatriates and has altered the traditional perception of the (Middle) East as the underdeveloped other in need of Westerner interventions. The "traditional" humanistic, cultural and social roles of the (Middle) East and the West are in constant evolution and this process represents a challenge to practitioners working directly with it. As a result, it is evident that more research and work on this matter is needed for practitioners to achieve a better understanding of the Gulf region's cultural and social background in order to assure future successful international corporate relationships.

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11

Indigenous Social Enterprises: A Humanistic Approach to Sustainable Development and Poverty Alleviation

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Indigenous people represent a disadvantage sector with the highest poverty rates in Latin America, especially in rural sectors. There is a growing discontent in this region about globalization not having produced the expected results regarding poverty and social issues alleviation. Developmental activities for poverty alleviation in social issues have brought discouraging results in the last fifty years (Burnside & Dollar, 2000). Despite good intentions, the most widely adopted approaches have often been paternalistic, seeking unintentionally cultural assimilation, while ignoring the strength of local organizations (Davis, 1993). One common problem in developmental activities is that most projects have been conceived and managed by development agencies rather than members of the community, which has often led to a lack of any significant sense of ownership on the part of the target beneficiaries. Once a given developmental project exhausts its budget, local people seem, in many cases, to lose interest in pursuing the project autonomously (Peredo & Chrisman, 2006). In addition, governments worldwide are facing increasing debt, structural adjustments and reduced spending, which have diminished the impact of the state in the alleviation of social issues (Chossudovsky, 2003).

Under this scenario, academic researchers and public policy makers are increasingly pursuing different solutions to alleviate poverty and empower disadvantage groups. One of the alternatives, which seem to have the power to proactively involve disadvantage indigenous communities on finding a sustainable solution to poverty, is social entrepreneurship.

The objective of this chapter is to analyze the mechanisms by which a group of indigenous social enterprises (Ixtlán Group) has developed a viable solution to poverty and lack of employment, contributing to sustainable rural development in their community and their region. To this aim, this chapter examines the origin and development of a group of social enterprises located in southern Mexico that have transformed their once highly

marginalized community into a prosperous ecosystem. Particularly relevant to the main issue of this book is the importance of finding mechanisms to reach international markets to commercialize their products as a way to ensure the survival of the organization and its mission.

The framework of analysis to identify the nature of the phenomenon is social entrepreneurship theory. Filipe Santos (2012) provides a positive theory of social entrepreneurship that highlights key elements to differentiate social enterprises from other economic entities. Santos acknowledges that some individuals derive utility from improving the welfare of other members of the society, and they may create organizational forms which are different from the common for-profit enterprise. Similarly, Yunus (2010) argues that profit-maximization is not individuals' only motivation; people are multidimensional actors who may derive utility from improving the welfare of other members of the society. Social entrepreneurship seems to be run for the benefit of specific users of society as a whole, often involving systems of cooperation that transcend formal organizations instead of a primary concern with competitive behavior. Santos suggests that social entrepreneurship is primarily concerned with the creation of social value, which involves the fulfillment of basic long standing needs to those members of the society who are in need (Certo & Miller, 2008). In this sense, social entrepreneurship is defined as the pursuit of sustainable solutions to problems of neglected positive externalities (Santos, 2012). This definition implies that social enterprises need to be market-oriented ventures in order to be sustainable in the long run. Social entrepreneurs aim to provide long-term fixes to problems caused by market and government failure. Sustainable solution are approaches that systematically address the problem, maybe through the development of a new market mechanism, or through alliances with other actors such as the government or NPOs, or a combination of both mechanisms. What generally distinguishes social entrepreneurship from commercial entrepreneurship is: (a) a predominant focus on value creation as opposed to a predominant focus on value appropriation (Peredo & Chrisman, 2006; Weerawardena & Sullivan Mort, 2006), (b) the need to achieve a sustainable solution instead of the seek for economic profits (Sullivan Mort, Weerawardena & Carnegie, 2003; Martin & Osberg, 2007; Santos, 2012; Bugg-Levine, Kogut, & Kulatilaka, 2012), and (c) the adoption of logic of empowerment, which is somehow opposite to the search for control of the stakeholders (Santos, 2012). Self-interest actors, such as corporations and commercial entrepreneurs, usually follow logic of control in order to appropriate a substantial part of the value they create. Logic of empowerment¹ implies that social entrepreneurs usually create mechanisms and tools that both reduce the stakeholders' dependencies on the organization and increase the stakeholders' ability to contribute to the solution and to their own welfare. For this purpose, they often establish partnerships with

some stakeholders (IFAD, 2001, 2011; Rondinelli & London, 2003; Easterly & Miesing, 2007; Santos & Eisenhardt, 2006; Crawford-Mathis, Darr & Farmer, 2010; Seelos & Mair, 2007; Werhane, Kelley, Hartmann & Moberg, 2010). This is especially evident in indigenous social enterprises located in rural regions (Foley, 2003; Berkes & Adhikari, 2006; Orozco-Quintero & Berkes, 2010).

Background

Ixtlán Group is located in the southern Mexican state of Oaxaca. Although Mexico is classified by the World Bank (2011) as an “upper middle income economy”, half of the population lives in some degree of poverty. Moreover, subsistence economies usually exist within national economies that are otherwise classified as enjoying higher average income levels (West III, Bamford & Marsden, 2008). This is the case for the state of Oaxaca, where the poverty rate is around sixty-two percent (CONEVAL, 2010). Oaxaca is one of the poorest areas of the country; sixty-five percent of the 3.8 million inhabitants live in rural areas and almost 1.16 million are indigenous (Mexico’s indigenous population is 6.7 million). Almost eighty percent of the indigenous people in Oaxaca live in poverty (CEIDAS, 2011). This region shares key characteristics that are a representative of subsistence economies such as poor educational systems and infrastructure, little access to markets and financial resources, emigration, and primary activities as the main sources of income.

Ixtlán is an indigenous (Zapotec ethnic group) community sixty-two kilometers north of Oaxaca City, the capital of the state. Ixtlán has an area of 19,000 hectares at 2,030 meters above sea level. Its complex topography includes a variety of climates that generate a complex biodiversity, from oak and pine forests in the highlands, to evergreen rainforests at the bottom. Only seventeen percent of Ixtlán’s forests are destined for timber production, which constitutes an important source of income for the community. Complementary sources of income include domestic agriculture and livestock. Ixtlán is one of the 570 municipalities of the state and has a district seat (INEGI, 2011). Land’s property is communal, with 384 *comuneros* or villagers sharing legal rights through a committee of communal property and a supervisory board since 1986. About sixty percent of the population speaks an indigenous language, predominantly Zapotec. The municipal government is chosen by a system of customs and traditions. Nearly seventy percent of the population is Catholic, while the rest is Protestant; but there are still some families with pre-Hispanic beliefs (see Figure 11.1).

Timber exploitation in Ixtlán started in the 1940s by a private-owned foreign company that closed operations two decades later. In 1956, the federal government decided to establish a public enterprise to continue wood production. Both companies hired indigenous people from the region

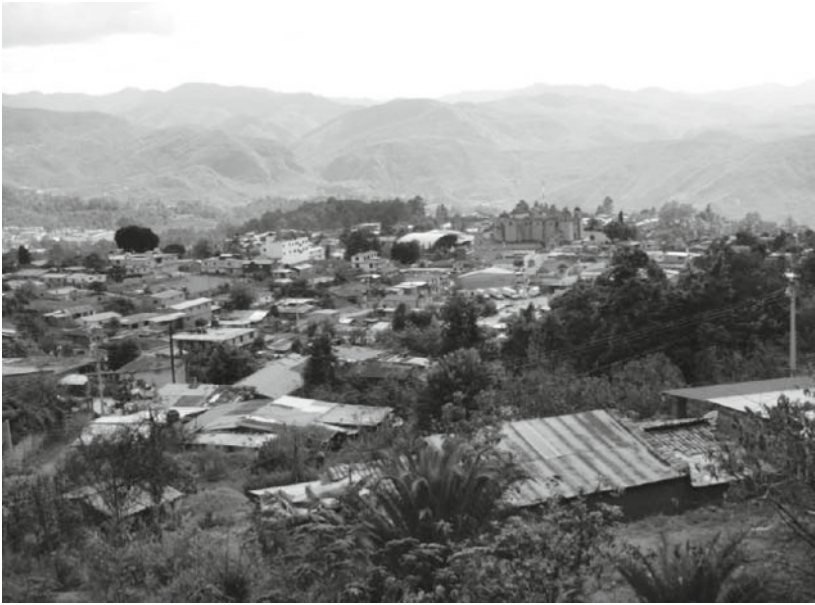


Figure 11.1 Picture of the community of Ixtlán (2012)

as labor, usually under poor working conditions. The forest was exploited irrationally during those years, the *comuneros* noticed that both companies had no respect for the environment and their operations seriously damaged the fragile ecosystem of the region. The area is abundantly biodiverse with more than 8,400 plants, 736 birds, 190 mammals, 245 reptiles and 1,103 butterfly species. In 1975, Ixtlán and surrounding communities organize themselves to block the enterprise operations. The communities wanted the power to exploit their own resources without external leadership. In 1981, the federal government established a new public entity to exploit the forest; however, the growing resistance of the *comuneros* finally paid off; the public entity was discontinued and the government granted the indigenous communities the right to exploit their own resources. Four communities started producing wood in a small sawmill, with a paper mill located close to the region as their only client. The four communities decided to split seven years later; in 1988 Ixtlán formed the Unidad Comunal Forestal Agropecuaria y de Servicios (UCFAS), and to this day, it has become the base for Ixtlán's community development.

UCFAS, which has turned into a group of eight enterprises (Ixtlán Group) to facilitate its management, is led by the committee of communal property in behalf of 384 *comuneros* or villagers. The *comuneros* were the first settlers of the region, and they together have legal land ownership under

the Mexican Agrarian Law. People that want to live under Ixtlán territory need to ask the committee of communal property and municipal authorities (they are usually the same group) for a piece of land to borrow. The people who are not *comuneros* are called citizens.

UCFAS was the first company run by the community. Although the natives had no management skills, as most had not completed basic studies, they managed to channel the knowledge acquired during their time as workers of foreign enterprises to form a functional organization. UCFAS's mission was to provide jobs for the community, while preserving the natural resources of the region. Regarding the environmental issue, one of the *comuneros* describes one of the reasons why they wanted to manage their own resources:

It took a lot of work by the community to become conscious [of the environmental damage], this awareness has been developed over the last decades and now that there is a program for managing our forestry resources, it is more regulated... I think this is why there was a lot of destruction before [a lack of a forest management program], especially when the foreign corporation was here, but now that the forest is our responsibility, as *comuneros*, we are taking better care of it. Now, there is not the destruction that occurred before. (Mountain voices, 1999)

By 2012, UCFAS has grown into eight enterprises: four enterprises developing activities related to wood exploitation and the elaboration of fine furniture, and the other four providing goods and services to the local community (a hardware store, a gas station, a microcredit institution and an ecotourism park). The group currently employs about 250 people; almost a third of them come from nearby communities. In this sense, the region had dramatically changed from being one of the most marginalized in the country (and a region that expelled labor to the U.S. and northern Mexico), to be a national reference regarding local development, mainly driven by the economic prosperity achieved by Ixtlán Group.

How did the Ixtlán Group achieve its mission so successfully? Evidence based on seventy in-depth interviews, participative observation and analysis of secondary data² suggests that three emerging factors have driven the success of the organization in achieving its mission: governance structure, empowerment mechanisms and inter-sectorial partnerships.

Governance structure

The governance of the organization combines elements of traditional managerial structures with local governance mechanisms. This combination has secured the accomplishment of the organization's social mission while allowing it to compete in local and national markets. The organization's

highest authority is the assembly of *comuneros* (Asamblea de Comuneros), formed by 384 members of the local community, mainly the first families that inhabited the region. This assembly appoints two oversight bodies, the committee of communal property (Comisariado de Bienes Comunales) and the supervisory board (Comité de Vigilancia). The former is responsible for the management of Ixtlán Group and issues related to land tenure in the community. The supervisory board enforces the agreements reached by the assembly of *comuneros*. Members of both entities are democratically elected every three years by the assembly, without the possibility of re-election. The three bodies form a governance structure that is common in most indigenous communities in Mexico, and represents the way they have organized their political activity since pre-colonial times.

The president of the committee of communal property serves also as chief executive officer and legal representative of the organization. Additionally, each of the eight enterprises has a general manager and an organizational structure that resembles that of traditional commercial enterprises, with different organizational levels, departments and labor specialization. The enterprises are usually constituted by an administrative and an operations department. The former is usually formed by four or five people that supervise legal matters, accounting, payroll, human resources, purchasing, and credit and collection. The operations department is generally divided by groups of people that focused in specific tasks regarding the manufacturing process; each group has an area manager. The organizational structure is permeated by local values and regulations that resemble the principles of humanistic management.³ For instance, since the creation of UCFAS, the assembly of *comuneros* agreed how the profits of the group would be divided: 30 percent goes to social issues, which includes building infrastructure for the community, dividends among the *comuneros* (approximately 300 USD per year), and acquisition of equipment to increase the villagers' productivity in primary activities (agriculture and livestock); similarly, thirty percent of the profits are destined to environmental activities, such as forest protection (fire brigades and road improvement), reforestation and surveillance; another thirty percent goes to the capitalization of the enterprises and development of new projects; and the remaining ten percent is divided equally between a fund for emergency loans for workers, and additional distributions of profits to *comuneros* who work in the organization. This profit sharing provides certainty to Ixtlán Group, while ensuring that no priority is given to the economic dimension over social and environmental issues. This policy is widely accepted and supported by the local community and employees, legitimizing the actions of the organization.

The organization promotes an environment of equality and democracy among the employees, which resembles the environment that prevails during the assemblies of *comuneros*. Decisions are generally taken by consensus, granting high priority to the worker's welfare. Ixtlán Group seeks to provide

employees with constant training, task rotation to prevent monotonous activities and encourage learning new skills, and endorses their promotion to managerial positions, regardless of their educational level or gender. The organization also hires young people despite most of them lacking experience in similar jobs. The general manager of the ecotourism park explains the reason: “they are people from the community, how are they supposed to gain experience if we [Ixtlán Group] do not give them the opportunity to work.” In addition, there is a timely communication policy directed to workers and other stakeholders about the actions undertaken by the organization, and their possible impacts. This policy has increased transparency and promoted accountability, causing also significant feedback from stakeholders that ultimately enriches decision making. This hybrid governance model that combines traditional managerial structures with local governance mechanisms has also proven to be effective in promoting empowerment mechanisms, especially among employees.

Empowerment mechanisms

As theory indicates, the empowerment of actors outside and inside the organizational boundaries seems to be one of the main characteristics of social entrepreneurship. At Ixtlán Group, every employee enjoys all the benefits granted by law. Workers at every level of the organization have social insurance, housing allowance, paid vacations, bonuses, profit sharing, overtime payment, and a working schedule that does not exceed forty-eight hours per week. These benefits are highly valued by the employees since they are not commonly granted in Mexican rural regions although commanded by law. Workers at the local community and nearby regions usually work more than 48 hours per week with a salary that ranges between \$50 and \$65 a week depending on the activity, and they are not entitled to any vacations. In the case of the organization’s employees, the average weekly salary is \$75. Although, on average, an employee from Ixtlán Group earns more than a worker from another entity, the former argues that what really makes the difference in improving their quality of life is the benefits they receive, and job stability. Many jobs in the community are temporary, which means that a good percentage of the population has no income stability or certainty. One of the employees argues about this situation: “it is a similar level of salary [he worked previously as a mason in the community], but here [Ixtlán Group] we have a formal schedule, benefits, the work is not that hard, and we have a formal job, as a mason I did not know if I would work tomorrow.” In addition to the benefits granted by law, all eight enterprises provide interest-free loans to their employees up to \$1,450. This amount of money has been invested by employees, in many cases, as seed capital to start small businesses in the local community. Employees perceive tangible benefits from working at Ixtlán Group, as the social mission of the

organization supports their well-being and promotes empowerment mechanisms that contribute to their development. The organization intrinsically values their workers, which is a premise of humanistic management.

In the same sense, Ixtlán Group promotes gender equality, which is not very common in indigenous communities or rural regions. Cultural roles among men and women are strongly differentiated, and there is important degree of *machismo*. At Ixtlán group, salaries are based on job specification regardless of gender concerns. About a third of employees are women, and this percentage could be higher but some jobs (about one third) demand strong physical skills (e.g., logging, timber transportation, sanitation of trees, path maintenance and other tasks performed in the forest are exclusively fulfilled by men).

In 2012, three out of the eight enterprises of the group were run by women. Women showed themselves more grateful to the organization than men. Women employees argue that if they had not found work at Ixtlán Group, they probably would have devoted themselves to unpaid activities in their households without the possibility of generating an income to support their families. These jobs have empowered and dignified women, providing them with a certain degree of independence, actively participating in decision making in an environment of gender equality. Many female workers at Ixtlán Group are single mothers or heads of their household, and the organization provides them with the opportunity to leave their workplace if there is an emergency with their children, have medical appointments or when a government aid program requires their presence elsewhere (see Figure 11.2).

The local community has also benefited from infrastructure projects that Ixtlán Group has developed in partnership with local and federal government. This includes street paving, a wastewater treatment plant, improving schools and public spaces, etc. Ixtlán Group has created additional companies in order to satisfy the needs of the community, which have been largely ignored by commercial enterprise since the local community does not represent an attractive market. The organization usually offers affordable prices to their local customers. For instance, microcredits have an annual interest rate around twenty percent, well below the average price of microcredits in Mexico.⁴ This interest rate allows villagers to capture a higher return for their projects, increasing the probability of success of the new ventures. Additionally, enterprises of the group usually acquire their inputs from local suppliers. The basic idea, as explained by one of the managers, is that the money stays in the community and circulates to form a virtuous cycle that boosts the economy and create additional jobs.

The economic prosperity experienced by the local community has created new enterprises, among which there is a water purification plant, trout farms, restaurants for tourists visiting the region, a small plant to produce charcoal, a hotel, restaurants and cafes. Some of these ventures sometimes



Figure 11.2 A worker at the furniture plant

compete with the enterprises of Ixtlán Group (see Figure 11.3). For instance, Ixtlán Group established an enterprise that provided transportation services to the local community; however, employees and other community inhabitants established years later a more efficient transportation service, prompting Ixtlán Group's enterprise to leave the market. The enterprise that displaced the Ixtlán Group's enterprise was largely financed by personal loans that Ixtlán Group's employees solicited. Managers of the organization do not regret this situation, rather they see it as an extraordinary achievement. "Now others are creating jobs, it does not matter that they are direct competitors; a decade ago we [Ixtlán Group] were the only entity capable of creating jobs" states an executive of Ixtlán Group. Another manager argues: "the aim is to create jobs, no matter who creates them, what matters is that the community prospers."

Inter-sectorial partnerships

The third emerging factor that prompted the success of Ixtlán Group was its aim to create long-term partnerships with other entities. Social enterprises are generally more likely to develop partnerships and alliances with more actors than commercial companies, probably because their mission is more aligned to that of NGOs and governmental agencies. Ixtlán Group has



Figure 11.3 Dining room at the ecotourism park. Most of the inputs needed by the park are bought from local suppliers

developed partnerships with both groups. Partnerships with the government have had two primary objectives: obtain resources for major infrastructure projects (improving roads to transport their finished products, building a furniture factory and a small energy plant) and get contracts to supply furniture to public entities of the State. Both objectives have contributed to the consolidation of Ixtlán Group while increasing employment generation. Partnerships with NGOs have been more intermittent, usually involving specific projects. For instance, in the late 1990s Ixtlán Group established a partnership with World Wildlife Fund (WWF). WWF provided the necessary knowledge for building and managing an ecotourism park. The park has won several regional awards due to its sustainable operation. Members of other communities come to stay at this park and receive talks from the managers of Ixtlán Group about how the enterprises are managed. The Ministry of Economy partly finances these meetings, seeking to encourage other communities to replicate Ixtlán Group's model and success in other parts of Mexico. Ixtlán Group has an open policy of forming partnership with external entities as long as those entities seek to improve the well-being of the community and respect their governance model and local values. One of the challenges the organization has in the near future is finding a partner that helps it to trade their products in international markets.

Challenges

The Ixtlán Group is facing increasing competition, especially in its largest source of income: the fine wood furniture products. Other enterprises that also produce and commercialize fine wood furniture operate with lower fixed costs, since they do not provide benefits to their employees. In addition, the Ixtlán Group furniture plant and inputs are certified by the Forest Stewardship Council (FSC), which guarantees sustainable forest management. Ixtlán Group has a reforestation rate close to 100 percent, and it has developed environmental-friendly techniques to reduce the negative impact of its operations. FSC certification and employees with full benefits increases the organization's fixed costs, which makes it difficult to compete on a price basis. A manager responsible for the commercialization of furniture affirms: "consumers in Mexico are usually not willing to pay more for a piece of furniture made from a sustainable forest, or manufactured by a social enterprise or an indigenous community; that is why the current challenge for Ixtlán Group is trying to reach international markets." In this sense, Ixtlán Group has followed a vertically integration strategy, from timber extraction to opening furniture stores to reach the final consumer. As the knowledge of the final consumers has increased, the managers realized that local consumers are not always willing to pay additional value for social or environmental concerns. Although, managers notice that a cultural change regarding social and environmental issues is slowly taking place, and Ixtlán Group would be in a better position to capitalize it when young generations (who are more prone to value these issues) increase their purchasing power. Meanwhile, managers believe that this is the perfect time to catch up with globalization trends and take their products to international markets such as Europe or the United States, where customers may be willing to pay more for certified wood furniture manufactured by an indigenous social enterprise (see Figure 11.4). However, Ixtlán Group have not found the means or acquire the knowledge to export their fine furniture yet. Ixtlán Group is currently looking to develop an agreement with a multinational company or an NGO to help it take its products internationally, securing additional job generation and profits to distribute.

Managers and employees seem confident about this new challenge. Past events have proved that they can handle situations at an international level. The greenhouse where Ixtlán Group annually grows almost a hundred thousand pine plants is operated with Swedish technology, and one of the inputs is directly imported from Canada. The automated sawmill that replaced the old, mechanic sawmill in 2005 is from Spain; Ixtlán Group directly negotiated back then with different international suppliers and finally it chose the Spanish supplier, which frequently visits Ixtlán to train the operators. Finally, children from Ixtlán are now learning English as a second language instead of Zapotec. One of the workers explains this



Figure 11.4 Piece of furniture on display at a store in Oaxaca City, the state capital

trend: “they [children] want to learn English because they think it would be more beneficial for them [they have access to internet now], so the first generation of workers spoke Zapotec, we speak Spanish [second generation], and the third generation will hopefully speak also English [to deal with international customers].” People from Ixtlán Group and the local community perceive globalization as a natural trend, and they are convinced that they have found the mechanisms to preserve their values and traditions while competing internationally. They also want to show the world what they are capable of making.

Final remarks

Social entrepreneurship theory (Santos, 2012) provided a sound theoretical framework to examine the dynamics developed by this organization. Results derived from the analysis suggest that Ixtlán Group has developed successful empowerment mechanisms oriented toward higher accountability, democratic decision making and an even distribution of profits among economic, social and environmental purposes, which ultimately translated into higher legitimacy levels among stakeholders. The resulting governance model, that combines elements of traditional managerial structures with

local governance mechanisms, represents an innovative mechanism to generate and fairly distribute benefits among actors surrounding the organization. This hybrid model of governance and the empowerment mechanisms it promotes are ultimately based on the premise that the *raison d'être* of an organization is the procurement of social benefit, and business practices and market mechanisms should serve this end instead of being an end in themselves.

The partnerships the Ixtlán Group has developed with other entities derived in the acquisition of key resources to generate sustainable operations; however, increasing competition in its natural markets has posed a primary challenge to the organization. Ixtlán Group's ability to trade its products in international markets in the near future will largely determine the amount of resources available to fulfill its mission. The examination of this case also suggests that it is possible to combine economic success and the achievement of a social mission, both under a humanistic model of governance.

Indigenous social entrepreneurship poses an alternative paradigm from traditional poverty alleviation approaches. Indigenous social enterprises usually involve initiatives led by the community, incorporating their values, traditions and governance mechanisms, which ultimately provide new ventures with a higher probability of success. Indigenous social enterprises also seem to naturally incorporate the principles of the humanistic management paradigm: protecting human dignity, and promoting human well-being.

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Notes

1. Empowerment is defined by the World Bank (2011) as the process of increasing the capacity of individuals or groups to make choices and to transform those choices into desired actions and outcomes.
2. The methodology of this case study is explained in Vázquez-Maguirre (2012).
3. Melé (2009); Kimakowitz, Pirson, Dierksmeier, Spitzreck & Aman (2011); Spitzreck (2011)
4. Microcredit institutions in Mexico charge, on average, an annual interest of 70 percent annually (Vázquez, 2011).

12

Is Walmart Good for India? A Humanistic Perspective on Opening Up FDI in Multi-Brand Retail in India

Grishma Shah and Anand Pore

Introduction

It is around 10am in a middle-class semi-urban suburb in India. A cart vendor selling produce announces his arrival on a small, poorly paved street by melodically broadcasting the produce he has to offer. Women (or their domestic help) emerge from their homes to purchase the produce they need for that day's meals. While the vendor is considered part of the "informal" and "unorganized" sector, this rather formal and organized system has existed, functioned and persisted for hundreds of years and is multiplied a thousand times over each and every day, several times a day all over India. Nonetheless, in the era of globalization, this cart vendor and many like him/her have come under tremendous competitive pressure, both from large domestic firms and increasingly, from a newly gilded Foreign Direct Investment (FDI) policy. The large and vibrant informal/unorganized sector along with many other multifaceted stakeholders are deeply troubled and opposed to foreign investment in the retail sector. Considering the strong opposition, apprehensions and most importantly threat posed to the unorganized and informal retail players in India, the Indian government has built in weighty, yet ambiguous, provisions into its FDI retail policy to protect the interests of effected stakeholders (DIPP, 2010). Nevertheless, the question remains, will these provisions protect the self-employed, small business owners, farmers and others or will these institutions be yet another manifestation of globalization, marginalizing many and benefiting few? In search of an answer, the following chapter aims to deconstruct the issues and precautions institutionalized into the policy in search of a humanistic approach to globalization, one which calls for the value, dignity and well-being of all individuals along with and on occasion above strong economic growth.

The opening act: calling all stakeholders

India's liberalization policies were initiated in the early nineties as conditionalities by the mega institutions of globalization, such as the World Bank and International Monetary Fund. In the last two decades, India has witnessed much economic progress in terms of Gross Domestic Product (GDP) growth resulting from FDI, increased global trade and domestic policy shifts. While liberalization produced many reforms in many sectors, the process by which India opened to global channels was strategic and staggered. One of the most lagging issues in regard to liberalization was India's stance on FDI in the retail sector. For more than two decades, India had made a strategic decision to keep its retail sector closed to FDI. However, at the end of the last decade, after years of strong GDP growth, a consistently increasing, demanding and globally conscious middle class, the Government of India started toiling with the idea of opening up multi-brand retail to FDI.

Around 2008, the Indian government began commissioning a number of think tanks to investigate the multi-level impact of FDI in retail as it internally began to shift toward a more open FDI position. Between 2008 and 2010, the Indian Government issued four major reports/papers on FDI in the retail sector. The first paper titled *Impact of Organized Retailing on the Unorganized Sector* by the Indian Council for research in International Economic Indian Relations, an Indian think tank (ICRIER), was released in May 2008 (Joseph et al., 2008). The second, *Foreign and Domestic Investment in the Retail Sector*, released by the Parliamentary Standing Committee on Commerce was released in June 2009, while the third titled *FDI in India and its Growth Linkages* by the National Council on Applied Economic Research (NCAER) and commissioned by Department of Industrial Policy & Promotion (DIPP) was released in August 2009 (Joshi, 2011; NCAER, 2009). In total, the three papers consisted of around five-hundred plus pages in support of an open FDI retail policy. The propensity toward such a position led to much opposition and was well played out not only in the media, but also on the streets via mass protests. Addressing the public outcry and the multifaceted concerns from both camps (both pro and con), in July of 2010, DIPP issued the fourth and most significant, *Discussion Paper on Foreign Direct Investment in Multi-Brand Retailing.* Distinguishing it from others, this discussion paper welcomed all stakeholders concerned with FDI in retail to submit their positions, issues, concerns, arguments and policy suggestions on the formation of the official policy. Specifically, the discussion paper posed a set of questions addressing the predominant issues around FDI in retail and invited resolves to those issues (DIPP, 2010). Stakeholders, interest groups and the general public had thirty days to submit their opinions and policy suggestions. In response to the discussion paper, thousands of opinions, some solid arguments and genuine concerns and others simple rants poured in from around the country and across the world mainly by special

interest groups and industry organizations. In reviewing many of those opinions, we found the following issues to be predominant.¹

Protection of the informal/unorganized sector

As mentioned earlier, FDI in retail in India has two main distinctions, “organized” and “formal” or the “modern” sector versus the “informal” and “unorganized sector.” From a legal perspective, the organized sector is one that is registered and expected to pay income taxes, while the unorganized sector tends to have little or no formal legal obligations. While numbers vary, it is estimated that less than ten percent of retail in India is organized, while the rest is unorganized or informal. The unorganized sector includes ad hoc vegetable and fruit markets, kiosks selling seasonal goods, mom and pop stores, cart vendors and government run “mandis” (bazaars carrying various goods including produce) (Birla, 2010). Both the organized and unorganized are expected to grow at rapid rates as the middle class in India is expected to almost double in the coming decade. However, the organized sector is expected to grow at a greater rate than the unorganized sector (Joseph et al., 2008; Joshi, 2011). The relatively slower growth in the unorganized sector is a cause for major concern. The basic premise here is that as the organized sector grows, it will indefinitely chip away at the unorganized sector, which does not have the means by which to compete with the efficiency, technology and capital of the organized sector. More importantly, introducing FDI in multi-brand retail will exacerbate this problem as large, organized, multi-national corporations with excessive capital and resources will offer products and prices that small (often very small) businesses are unable to compete with. While the informal component of the unorganized segment is unique to India and other emerging economies, the concerns here are very similar to those expressed repeatedly by small business owners in the United States and other industrialized nations in regard to large big-box discount chains such as Walmart (PBS, 2004). The efficiency and volume with which large scale retailers operate often drive smaller businesses out of the market. The situation is deeply intensified in India as the small and unorganized business sector is not only in large numbers, but is also a much more vulnerable population. Often, this group tends to be less educated, in lower-income earning groups with little or no access to formal credit (Kumar, 2010; Swarup, 2010). Ultimately, many in the informal sector will be forced to exit the market and collectively, the mass exit of these small business owners will lead to high unemployment, displacement and poverty. Accordingly, the fundamental issue of concern is not just absolute protection for the unorganized sector as this segment is bound to be vulnerable in an increasingly globalized, market-based economy, but the need for a more strategic policy and plan that transitions and absorbs the displaced into other segments of the economy.

Farmers and food

The second major issue in regard to an open FDI in retail policy is very much embedded in the issues of the unorganized sector, but is specific to the distribution and sales of agriculture products. Explicitly, there is concern around fruits and vegetables. It is estimated that many, mainly smaller farmers in India do not have a formal means by which to store and distribute their produce. Most rely on the “mandi” system for distribution and sales. A mandi is a space where farmers gather as part of an informal wet market to sell their produce.² In some spaces, mandis operate on a daily basis while in others, they are weekly or more sporadic (Minten and Gulati, 2009). Farmers often travel long distances from rural areas to get to the mandi and prices at the mandi tend to depend on the supply and demand of that particular mandi. While some mandis are government regulated, formal regulatory enforcement is notably weak. Prices tend to fluctuate and inflation is an overwhelming problem. Much of the revenue generated from the produce does not filter down to the farmer as it is lost to multiple intermediaries. Moreover, because there are no formal supply chains or cold storage facilities in terms of numbers and accessibility to farmers, there is a significant amount of fruit and vegetable spoilage. By some estimates, close to sixty percent of India’s produce spoils before it arrives at a point of sale (Ranganathan, 2010; Singh and Singla, 2010; Singh, 2010). The mandi system along with the inefficiency in distribution and losses due to spoilage are major concerns for farmers and larger agribusinesses in India. Many argue that an open foreign investment in retail could result in large grocery chains investing in cold storage facilities as part of their supply chains. This increase in sheer numbers should in theory abate the issue of produce spoilage. More importantly, the IRCIER study noted that farmers working with organized retail get better prices for their produce because they do not have to pay a commission to the mandi and/or depend on other intermediaries in getting the produce from farm to point of sale (Bhattacharya, 2012; Joseph et al., 2008). Consequently, the wealth is distributed more fairly to the farmer. On the contrary, opponents argue that an open FDI in retail policy will further alienate farmers as they will be unable to compete with larger agricultural firms supplying to the grocery chains. Others argue that even a scenario in which grocery chains commit to buying locally from small farmers, the small farmers will be unable to navigate the channels by which they get their produce to supermarkets chains. For example, many farmers are inapt at negotiating contracts and delivering quantity and quality in a timely and consistent manner. Essentially, while an open FDI in retail policy may have many benefits for farmers and may alleviate the current farm to fork delays, the issue of how one integrates small Indian farmers into the larger multinational equation remains a challenge for the policy gurus.

Technology and labor-intensive manufacturing

The organized retail sector in India is in need of better technology. It lacks not only front end and back end technology, but also has inadequate and inefficient supply chains. Proponents of an open FDI in retail argue that foreign retailers will introduce new back end infrastructures, better supply chain management and new front end technology, which the Indian retailers can integrate into their own experiences through a demonstrative effect. Big-box chain retailers may invest in back-end infrastructure and technology such as cold storage facilities, better roads, ports, warehouses and distribution networks to facilitate their own success. On the front end, imported technology may enhance the experience for the retail consumer by improving service, wait times, product availability and of course, price. Additionally, while opponents argue that foreign retailer will flood the Indian market with cheap, low quality products from abroad, optimists view it as an opportunity to develop Indian manufacturing (Bhartia and Khandelwal, 2010). The latter argue that foreign retailers will not only begin to procure products from manufacturing facilities already in India, but will spur new manufacturing demand, which if leveraged properly can be utilized for export. Further development of a manufacturing base is perceived to be of a critical argument in support of an open policy. Ideally, since there are no guarantees of an automatic kick start of an industrial revolution by front end retailers, a strategic and well-thought out policy to spur manufacturing growth is vital.

FDI in multi-brand retail: the final policy and provisions

At the end of 2012, DIPP announced that effective 5 April 2013, FDI in retail is open to 100 percent for single brands and fifty-one percent for multi-brands. Single brand retail allows for sales of a single brand via a branded shop, such as Nike, Apple, Louis Vuitton, whereas multi-brand retail allows for sale of a number of different brands under one roof, such as department stores carrying numerous and multifaceted labels. The latter category includes chains such as Walmart and Carrefour carrying both fresh produce and packaged food and non-food items. Single brand retail initially opened up to FDI at fifty-one percent investment (with government approval) in 2006, with little opposition mainly because foreign retailers offering single brands were not a major threat to domestic retail players. It is assumed that consumers shopping at single brand outlets are brand conscious label seekers at upper income levels. Consequently, not only are these consumers boosting economic growth by shopping for luxury goods, but are also by no means hurting the livelihood of others with in the country. Moreover, single brands are part of the organized sector, which accounts for a very small part of the retail sector. On the contrary, multi-brand retail is ripe with

controversy, as it could affect both the organized and unorganized retail sector. In response to public concerns and the issues noted earlier, the policy on FDI in multi-brand retail has substantial provisions. The main provisions include (DIPP, 2013):

1. State discretion on the permission of FDI in multi-brand retail.
2. FDI in retail investment can only take place in cities with populations greater than 1 million people. The area ten miles from city center qualifies as included in city territory.
3. A foreign retailer must source thirty percent of the items that it sells in its front-end stores from micro, small and medium enterprises (SMEs). Micro and SMEs are defined as enterprises with a total investment in plant and machinery not exceeding \$1 million. If at any point in time, the valuation of the enterprise is exceeded, it will not qualify as a “small industry.” The sourcing requirements are only for processed and manufactured products and do not apply to the procurement of fresh produce.
4. A minimum investment of \$100 million USD is required.
5. A requirement of fifty percent (of the \$100 million USD) investment in back-end (i.e., processing, manufacturing) infrastructure within three years. The fifty percent investments in back-end must be fresh or Greenfields. It cannot include acquisitions, the purchase of real estate and or franchising.

While the motives and derivations may be political, a deeper analysis of these stipulations delivers a humanistic element to economic reforms. They are intended not only to address and alleviate some of the anxiety around rapid globalization, but more importantly, to genuinely address both economic and social concerns in an attempt to balance the welfare of many Indian citizens. Essentially, from economic lenses, it aims for a strategic and partial opening of FDI in retail, which from a humanistic lens may result in more inclusive, pervasive and balanced globalization. Nonetheless, despite all its promises, it could result in scenarios which may alienate and further marginalize rural populations.

Process and policy: a humanistic analysis and critique

First and foremost, the Indian government, particularly DIPP, is to be commended for handling the issue of opening up FDI in retail. While India is the world’s largest democracy, the system by which policies are formulated is highly political and often lack a democratic process. By contrast, the FDI in retail policy is a testament to the validity and functionality of a truly democratic approach. While the years leading up to the policy have not been void of public outcry and protests due to many shortcomings and mishandlings, the means by which the policy was ultimately formulated is

to be commended. In first issuing papers and then inviting public opinion both formal and informal, DIPP set the stage for weighing the concerns of many stakeholders. By no means does this mean that the process was absolutely void of elite influence, politics and money as eliminating those types of effects are challenging in any economy. However, it is simply a recognition that when many are concerned and stakeholders are given the opportunity to voice their opinion, more fair, just and democratic institutions are generated, at least in policy if not yet in practice.

Secondly, we address the sourcing requirement. The policy requires retailers to source thirty percent of their processed and manufactured goods from micro and SMEs. Superficially, this seems like a virtuous policy as it is intended to spur growth among these small industries. The provision modestly addresses the issue of heavy importing and dumping by fabricating a demand for domestic goods. More importantly, considering that many micro and SMEs may not be able to compete with the capital and resources of large firms, this procurement requirement will enable these businesses to not only to survive but to grow, improve and move into more formalized environments, generating employment. Nonetheless, this well-intentioned provision has a major shortfall as the “the sourcing condition pertains only to manufactured and processed products” (Seth, 2013). Remarkably, procurement of fresh produce is *not* included in the provision. The exclusion ignores the heavily disfranchised farmers. In the worst case scenario, large chains will import produce from abroad bypassing Indian farmers altogether while in better scenario, grocery chains will opt to source from domestic farmers. In the latter scenario, the caveat is that larger and commercial farmers will benefit, while the already marginalized small farmer will continue to struggle as many small farmers are not organized and do not have the quantity, quality and stability to negotiate contracts with large retail players. Ideally, optimists gather that farmers will benefit from this policy if they can learn to bypass the mandi system and secure better prices directly with organized retailers. Additionally, the issue of produce spoilage needs to be addressed. In the best case scenario, small farmers can negotiate contracts to not only supply produce, but to share cold storage and distribution networks (once they are built) with organized retail. Needless to say, the optimistic scenario is a tall order as it is completely voluntary and not mandated by any of the officiated provisions.

A prominent critique of globalization is that while it connects the world virtually, ironically, its effects are spatially dispersed. Within emerging markets such as India, there are spaces that qualify as developed, emerging, developing or lesser developed by United Nations definitions all within 100 miles (Sassen, 2012). A notable shortfall of rapid economic globalization is a lack of balanced development. In this respect, two stipulations are of significant concern. First, State’s discretion on permitting FDI in retail and second, limiting FDI to city centers. Without a doubt, State’s discretion was

included to pacify the steadfast commotion among and from states about an open FDI policy. Some states strongly believe in growth spurred by domestic industries while others look outward for investment. As of 2 June 2014, there are twenty-nine states in India and eleven have already agreed to FDI in retail. By deferring the decision to the states, the central government has simply washed themselves of dealing with the state upheaval. However, while the stipulation allows the central government to circumvent the matter, there are still notable ramifications as it paves the path for greater discrepancies among states. Strategy and shrewdness on when and how a state embraces the Policy will have its own subsequent implications, just or unjust. Secondly, the stipulation on limiting FDI in retail to large cities may have unbalanced results. Cities are the nodes in a global network driving economic globalization (Sassen, 2012). Again, in terms of spatial discrepancies, cities and certain populations within tend to grow and benefit, while rural areas and their population suffer. Ultimately these rural populations flee to urban centers and suffer greatly as they do not have the skill sets to incorporate into the global economy. A policy that limits investment to large cities and allows for state discretion may result in deeper incongruities in growth. This indicates that instead of more inclusive effects, the particular stipulation may have some negative effects, such as polarization of urban and rural areas. On an optimistic note, one can hope that the stipulations have some of the intended result of spurring competition and improving the organized sector in urban areas while provisionally sparing the rural unorganized sector from competitive pressures until that segment is better prepared to compete.

Lastly, we address the provision in which foreign retailers must invest fifty percent of their minimal \$100 million investment in back-end infrastructure such as manufacturing plants and processing facilities within three years. Remarkably, these minimal back-end investments must be fresh, meaning they cannot buyout domestic facilities or enterprises or franchise out operations. This last provision coupled with the sourcing provision is intended to kick-start the by-gone industrial revolution and significantly improve India's infrastructure and industrial capabilities. India's strengths in the knowledge and service sectors and weaknesses in its manufacturing sector are well-known. In fact, many have argued that India jettisoned from an agricultural economy to a service/knowledge economy and in doing so, it bypassed a much needed industrial revolution. While a defined linear path to development is not necessary, the lack of a solid manufacturing base highlights many issues of inequity and unemployment in India. The knowledge and service sectors demand an educated and technically apt labor force, while the manufacturing sector demands more generic and robotic skill sets. Ideally, in a country with such a large population in which a majority are still lacking adequate literacy, industries that are labor intensive, such as manufacturing, are required. Creating mechanisms for

manufacturing growth are critical as it would mitigate the stark urban–rural divide in India. A manufacturing base will enable a smoother transition from rural communities to urban or quasi-urban centers as displaced farmers and rural youth attempt to adjust to a rapidly transitioning economy. Low-end manufacturing can also absorb not only rural populations fleeing to cities for better opportunities, but also those to be displaced by a more open FDI in retail policy (i.e., hawkers, cart vendors, roadside vendors etc.). An optimal outcome of this provision allows the displaced and less educated to partake and reap the benefits of a globalized economy, possibly resulting in more inclusive globalization. Nonetheless, it is important to recognize that this bottom-up or Band-Aid approach can spur only a trivial industrial revolution. Meaningful policies and resources would need to be devoted if one desires a significant growth of the manufacturing sector.

Policy shortfalls and suggestions

Concisely speaking, the major shortfall of this policy is its inadequacy at integrating the rural population into the equation. In limiting investment to cities and building in some economic growth measures, the policy aims to protect the rural populations. However, it does a terrible job at assimilating them into a broader global system. In this regard, we do not necessarily recommend any more provisions to an already cumbersome and restrictive FDI policy, but domestic policies, programs and minor alterations to enrich the current policy. Another major area which needs to be dealt with is food and non-food issues. Specifically, procurement of produce needs to be included in the thirty percent sourcing requirement. In line with that, programs that aid farmers in dealing directly with organized retail and incentives in which retailers share back-end infrastructure such as cold storage are a must. Moreover, programs and training for rural youth in vocational fields or employment in retail will enhance the intended growth in retail and the pending industrial revolution. Lastly, greater access to credit for farmers and other small businesses will aid in building resource capacity so that these populations can work more closely with the organized retail sector. We believe that there is a fine balance between economic growth and social well-being and while the current policy has done a tremendous job at capturing that balance, there are significant shortfalls and hence, other institutions are needed to enhance the policy to witness its true humanistic potential.

A post-colonial critique

Westwood (2006) argues that the “universalizing” tendencies, heavily discussed by seminal writers of the postcolonial school of thought are very much a problem in international business and management studies. “Those

outside the West, especially in the periphery, are condemned to either silence and unintelligibility, or, to find a voice they are compelled to go through Western discourse and its codes thereby constructing a fictive, distorted and deformed representation of themselves and their life-worlds" (Westwood, 2006, pp. 100–101). In the Indian context, the language utilized in the FDI discourse itself is replete with such Western bias. A perfunctory observation of the rhetoric around FDI in India yields arguments for introducing new and needed managers, management practices, efficiency and technology, all of which are to be imported from the West through more open economic policies. While imported managers, practices and technology are inevitable, the assumption that imported managers and their practices are universally applicable, implicitly better and suitable in India is fundamentally flawed. Moreover, it undermines and condemns laudable domestic practices.

Similarly, the organized sector is referred to as the "modern" sector whereas the unorganized sector is often referred to as "informal" and is marginalized in the discourse. It is assumed that FDI from foreign entrants will bring "modernity" implying that only the organized sector is "modern." In reality, the definition of modernity itself is nebulous and distorted. In India, one can easily argue that while we refer to it as the unorganized sector, it is far from disorganized. Despite lack of access to strong credit, technology and infrastructure, this sector has persisted and triumphed through the last twenty years of globalization and hundreds of years prior to that. In fact, foreign entrants and organized retail could learn much from this informal sector as it has persisted in the face of adversity. Moreover, it is very inclusive and impartial. A parliamentary panel report by the Indian government concluded, "India is a land of retail democracy-hundreds of thousands of weekly *haats* and bazars are located across the length and breadth of the country by people own self-organizational capacities. Our streets are bazaars-lively, vibrant, safe and the source of livelihoods for millions. In a country with large numbers of people and high levels of poverty, the existing model of retail democracy is the most appropriate in terms of economy viability (Joshi, 2011, p. 15). More notably, the unorganized sector has many forward thinking and humanistic practices conspicuously lacking in the so-called organized sector. Pirson points out that a more humanistic approach to business is to focus on the "relational" aspects of human interaction as opposed to the "transactional" aspects (Pirson, 2013, p. 33). While consumers may get better prices, less wait times and electronically printed receipts in a "transaction" at an organized retailer, the consumer truly forgoes "relational" experiences developed between the seller and buyer over years of exchanges. In this respect, many Indian consumers prefer local "Kiranans" or mom and pop retailers for groceries and other needs over the more organized chain stores already in India as there is a long-standing relationship between the shop owner and the customer. The so-called unorganized or "un-modern" sector is founded on "relational" and humanistic

elements. Essentially, while it may not be the most economically potent, the existing retail environment in India is ripe with humanistic foundations.

Seminal post-colonial scholars often discuss issues of universalization of western ideology and practice, silencing and misrepresentation of the disenfranchised. Our current discussion on FDI in retail is replete with many of these tendencies. First, we highlight the issue of misrepresentation. DIPP's discussion paper calling for concerns and feedback was aimed at addressing all stakeholders had virtuous intentions. However, from a postcolonial critique, there are many shortfalls. Firstly, the discussion paper was only released in English (not Hindi or any of the other major languages in India), shutting out much of the population effected by the policy as they are not well-versed in English, but their native tongue (Bhartia and Khandelwal, 2010). Secondly, note that while many industry and special interest groups attempted to survey and gauge the opinion of the less resourceful (such as cart vendors, small farmers, hawkers etc.), the voices of these individuals were always vetted through the lens of the privileged, who may in their own right, have their pre-dispositions. For example, in evaluating the hundreds of feedback reports, we noticed that many failed all together to include the genuine opinions of all effected. One study submitted to DIPP generated a seventy page report claiming to represent the concerns of effected stakeholders, yet it only surveyed consumers shopping at malls, an organized retail outlet in which only educated middle or upper middle class consumers shop (Kalirajan and Singh, 2009). Not surprisingly, this particular group concluded that an open policy in retail is a must and will benefit consumers greatly. Other reports were more inclusive in surveying and evaluating the opinions of many, including farmers, cart vendors and hawkers. However, from a post-colonial lens, they are predisposed to misrepresentations. According to Westwood, Spivak argues that because the written word is always representation of those that may not have an adequate voice, it cannot truly capture the voice of the disenfranchised. Accordingly, while the conclusions and policy recommendations coming from many groups were more inclusive in representation, we still run into the problem of misrepresentation, in which the voices are "translated" through members not genuinely represented by that group (Westwood, 2006). In this respect, even the most noble intents and attempts at a stakeholder approach fall short in a postcolonial world.

Conclusion

The institution-based view in international business exclaims that the success of an international firm is rooted in the rules of the game, both formal (such as laws, policies and regulations) and informal (i.e., culture, norms), broadly referred to as institutions. In other words, institutions define the success of firms and in turn economic prosperity. For decades, economists have

debated the precise formula for strong economic growth, while international business scholars have sought the ideal set of institutions for firm success. It is well-known in the context of globalization that while economists and political leaders push for high GDP growth and economic prosperity via market forces, many within those economies suffer and are unable to adjust to such rapid economic growth. Pirson et al. in *Humanism in Business* argue the “need to decide when and where free market forces should govern an issue and when and where we have other, more appropriate tools to find a life-serving solution. A free market is amoral, indifferently creating great wealth, as well as great hardship. Consequently, moral beings should use it wisely and responsibly, rather than blindly trusting a ‘one-size-fits-all’ approach” (Pirson et al., 2010, p. 3). In line with this school of thought, we argue that while economists and international business scholars deliberate the role of institutions and the precise mix, the role of governments and policy should be not only economic growth through free-market forces, but growth that serves the dignity and well-being of all citizens. An important element of the humanistic approach is the understanding that it is not anti-globalization or anti-market forces. It does not aim to overhaul a deeply grounded economic system. It simply calls for an inclusion of more humanistic elements within an already functional system. From this perspective, we believe that the Indian policy of FDI in multi-brand retail has done exactly that. It has made a genuine attempt to level the playing field and to make competition fair, so that the little guy has a slice of the pie. In doing so, it has not succumbed to the free-market rhetoric of neo-liberal globalization. It has attempted to balance strategic growth with social well-being. The institutions recognize that globalization cannot be halted nor should it be. It is not that simple. GDP growth is critical to any economy. In India, if GDP stops growing, the middle class will not double and so the individuals whom are to benefit from the growth would also become marginalized and suffer. On the contrary, the assumption that strong economic growth ultimately trickles down and benefits all is fundamentally flawed as well. In fact, increasing inequality is a problem that is likely to have significant repercussions on the stability of our political and economic systems. Current trends in globalization have led to a world in which the rich get richer, and the poor get disproportionately poorer (Pirson et al., 2010, p. 4; Sachs, 2005). This is not what we want. What is needed and vital is balanced growth and development, simple in theory, yet overwhelmingly difficult in practice. While the FDI policy discussed above has significant shortfalls and by no means prevails in protecting and promoting the well-being of all in India, it remains an excellent example of institutions with strong humanistic elements and can be reflected upon by those attempting such policies in other societies. To us, it is imperative that policies instituted by the government account for the humanistic element of governance, which is to protect the dignity and well-being of all in society and not the elite, resourceful and vociferous.

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Notes

The title is a play on the PBS Frontline Documentary titled “Is Wal-Mart Good for America” originally aired November 2004.

1. Please note it is difficult to reference all of the e-mails, letters and reports reviewed for this chapter. For your reference, they are available at: <http://dipp.nic.in/English/Default.aspx>. In the search section, please search for “FDI in Retail.”
2. A wet market is a place that sells fresh produce as oppose to dry durable goods.

13

Cross-Sector Alliances

Constance Bygrave

Introduction

Globalization and the internationalization of business present both opportunities and challenges for multiple stakeholders to work together across borders and oceans. Societies at home and abroad face high crime rates, water shortages, economic recessions, unemployment, malnutrition and illiteracy. Firms face skilled labor shortages, increased competition for finite markets, mounting pressure to preserve the environment and agency costs particularly in foreign countries. Non-profit/non-government organizations (NGOs) face dwindling government funding, increased competition from other NGOs for public funds and constant need to recruit quality volunteers. This chapter discusses how many of these challenges can be addressed through cross-sector alliances between for-profit organizations (FPOs) and NGOs or non-profit organizations (NPOs). The question to be addressed is: "Are cross-sector alliances an appropriate vehicle for addressing humanistic elements of cross-border transactions?"

Cross-sector joint venture alliances

Whereas a joint-venture between two corporations is a popular cross border business strategy, joint-ventures across sectors, (i.e., between profit and non-profit organizations), are rare in practice and in the literature. But they needn't be. As more corporations realize the potential for achieving competitive and economic advantages by partnering with non-governmental organizations, this mode of organizing will increase in popularity. This is particularly so for multinational businesses looking to expand in Global South markets. Cross-sector alliances can be a crucial vehicle for addressing the humanistic elements of cross-border transactions (Austin, 2010). Through a NGO in a foreign country or state, a Western or European multinational can hear rather than silence the voices of markets and societies it desires to serve. In this arrangement, the NGO benefits by enhancing

its ability to achieve its cause and the corporation benefits by delivering new products and services to untapped markets. The ultimate beneficiaries, however, are those members of society who have their needs met.

Creating shared value

The ultimate goal and driving force of a cross-sector alliance is the construct of creating shared value (CSV) (Porter & Kramer, 2011). The value that is created by the alliance is shared not only by the alliance partners (as in goal achievement), but by society as well. Mutual gain (and in particular economic gain) by the partners and society is mandatory for long-term success of the alliance. Although CSV shares some commonalities with corporate social responsibility (CSR), it differs from CSR in several respects.

CSR is a self-regulating mindset and mechanism adopted by businesses that acknowledge their responsibility to all stakeholders (the environment, society and economy) rather than just shareholders (profit). Motives can range from avoiding regulatory sanctions or public scrutiny to proactive betterment of society or the environment. Whereas CSR seeks to satisfy external expectations, CSV is an internal, implicit drive to create value for the firm and society at the same time. The firm generates a profit because it created social value (rather than despite it). As a simple example, CSR would be providing a community with fish or teaching the community how to fish. CSV would be creating a new industry in the local community that creates employment and prosperity for the community while preserving the fish stocks for future generations.

The CSV cycle of profit

When society benefits from a cross-sector collaboration, the corporate partner also benefits through increased loyalty of existing customers, creation of new markets, and access to new customers. The increased revenue of the corporate partner flows back to society via funding or other resources given to the NGO partner. As the NGO partner increases its capacity to achieve its mission, society receives even greater benefits from the cross-sector collaboration. Profit in effect creates a triple-win situation.

Innovation

The benefits of well-suited cross-sector collaboration far exceed mere cash flow production. Together the partners use synergy to create innovative solutions to social and environmental issues or to avoid causing the problems in the first place. The underlying premise is that no outside party can or should impose changes on a community without that community's input. The unique needs and capabilities of the community must be understood before sustainable improvement can be made. Adam Smith's invisible hand of the

market does not necessarily prevail in developing or impoverished nations. In these regions, local NGOs can provide a voice for the people, explaining the needs and capabilities of community to the corporation or FPO. In one sense, the NGO provides market research to fuel innovative product and service development by FPOs.

Clarification of terms

NGOs are private civil society associations (CSO) that attempt to relieve suffering, promote the interests of the poor, protect the environment, provide basic social services or undertake community development projects (World Bank, 2001). NGOs can be further classified as either:

Advocacy NGOs that are concerned with influencing policies and practices to defend, promote or effect change for a specific cause, i.e., International Standards Organization (ISO).

Operational NGOs that are concerned with development projects at either a local, national or international level, i.e., World Wildlife Fund (WWF).

FPOs are businesses that market products or services to earn profits for shareholders/owners. They are commonly referred to as businesses, corporations or companies.

Cross-sector alliance is a symbiotic relationship between two or more organizations from different sectors (such as business, not-for-profit, governments and foundations) for the purpose of attaining mutual goals and benefits that could not be achieved by a single organization or sector. The focus in this chapter is on the FPO-NGO category of cross-sector alliances.

The new age of cross-sector alliances?

Cross-sector alliances are viable cross-border strategies for both utilitarian and altruistic reasons. What follows is a discussion of trends in the macro environment that beget the pragmatic and ideological benefits of cross-sector alliances.

Technological trends

Advances in communications technology have enabled parties to collaborate across oceans and between developed and developing nations. Remote villages in India or Africa that are impenetrable by road can be reached via mobile phone or the internet, for example. Such advances in technology enable and encourage FPOs (and in particular Multi-national corporations (MNCs)) to serve the needs of remote, untapped markets. If the market's needs are met, the local community is better off. The secret to meeting the remote market's needs, however, is understanding the unique needs

and capabilities of the people who make up that market. For example, Microsoft's 4Africa initiative to contribute to Africa's economic development and improve its global competitiveness focuses on three key strategies based on the specific needs of the state: 1) Build world class skills (to increase employment); 2) Build Windows-based applications by Africans for Africans (to increase innovation); 3) Provide affordable access to smart devices and cloud services (to increase access to technology and global competitiveness). Refer to: <http://www.microsoft.com/africa/4afrika/default.aspx>

NGOs in the foreign market can serve as conduits to assess the local community's needs. By design, the NGO exists to identify and serve the needs of society. By aligning itself with a NGO in a foreign market, the FPO is more likely to a) understand the foreign community's needs and b) deliver its services without local government or community resistance. For example, the British Broadcasting Corporation (BBC) has partnered with Multimedia University of Kenya to educate Kenyan youth and give them a globally competitive advantage in the media industry through internship and mentorship opportunities. Feedback from the students provided the BBC with invaluable insights into the unique needs and concerns of African youths.

Political trends

Over the last two decades, many tax-paying citizens have lost faith in governments to single-handedly provide solutions to social and environmental needs. Greed and self-serving political agendas are the two most common critiques. The public's insistence on transparency and shared power has given rise to "third-party government" whereby NGOs become involved in solving complex public problems (Bryson, Crosby & Stone, 2006, p. 44). For example, Wells Fargo, Community Wealth Partners and NeighborWorks' Success Measures co-developed a program called the "Sustainability Initiative" to teach community leaders how to evaluate the viability of their social programs and to build a business case to attract corporate investors. However, corporations on their own are not regarded as ideal candidates for third-party governance. Exorbitant executive benefits packages and fraudulent finance scandals have resulted in a lack of trust in corporations to act appropriately toward society.

NGOs have moved quickly into this trust-void (Argenti, 2004) and taken on the third-party governance role to tackle difficult social and environmental problems. Based on public perception that NGOs are motivated by morals rather than profit or power, NGOs have been given the silent go-ahead to orchestrate cross-sector alliances that will meet society's needs and fill the void that governments have left behind. For example, the Ecumenical Council for Corporate Responsibility (ECCR) is a NGO that facilitates research, advocacy and cooperation among various stakeholders to enhance economic, environmental and CSR. The group has blown the whistle on

irresponsible organizations such as Shell in its dealings with the Niger Delta, and Shell and British Petroleum in the Canadian tar sands. One of their key goals is to help communities express and achieve their rights through collaboration or engagement with local business and/or local government. For more information, refer to: www.eccr.org.uk.

Economic trends

The global economic crisis that began in 2008 has forced governments to reduce deficits in part by slashing community-based services and reducing social assistance. Concurrently, corporations reduced spending on discretionary corporate giving, revised their product and market strategies, and redefined productivity in the value chain. Essentially, smart corporations figured out how to create products and services to meet the needs of markets that were no longer being served by government (Porter & Kramer, 2011). These firms, particularly MNCs, are more strategic with their philanthropy and recognize that addressing societal needs could, and actually should, be integral to their profit maximization. Thus, working with community-based organizations (i.e., NGOs) should help (rather than hinder) corporate economic success. Alliance Boots, Carillion PLC, Costain Group PLC and Unipart Group are examples of multinational corporations (MNCs) that attract alliance partners and consumers because of their propensity to pursue social causes.

At the turn of the 21st century, research revealed that over half of the top one hundred economies in the world were corporations rather than government-run states (Anderson & Cavanagh, 2000). Given that many corporations have more economic power than governments, they have an obligation to become good corporate citizens and to repay the markets and societies they serve. It is important, however, that corporations behave as ethical corporate citizens and do not misrepresent or disrupt the local community they are purporting to serve. Cross-sector alliances with NGOs in the local community can provide some assurance of appropriate representation.

For example, GlaxoSmithKline (GSK), a British multinational pharmaceuticals company, has received awards for its CSR efforts such as its Patient Assistance Program that provides medical assistance to the world's poorest citizens. The company has recently suffered lost market share and tarnished brand reputation in China for allegedly paying bribes to government and medical representatives to gain market access and fix prices for its drugs (CBC, 2013). Recent medication scams had resulted in death and injury and motivated the government to intervene in an area where they had previously turned a blind eye. Had GSK realized the economic benefits of cross-sector collaboration, it would have formed an alliance with a local NGO that would have advised the corporation about the needs and trends in the Chinese health care market.

Environmental trends

For much of the 20th century, environmental NGOs relied primarily on protest and confrontation tactics such as lobbying governments to enact environmental laws and picketing annual shareholder meetings of environmentally “offensive” corporations. However, at the turn of the 21st century, it was apparent that these tactics were not working. Harmful CO₂ emissions actually increased between 1992 and 2008 despite global compacts and protocols to reduce them (UNEP, 2012).

Savvy environmental NGOs gradually changed their approach from confrontation with corporations and regulatory bodies to *enviropreneurship* to encourage environmentally sensitive corporate practices (Stafford et al., 2000). The new strategy was to motivate rather than coerce corporations to reduce waste and resource use and to demonstrate how innovation and technology could be used to create a competitive advantage, increase efficiencies and increase profits.

Over the last decade, environmental NGOs have evolved to the point where they leverage their scientific and technology expertise and form alliances with corporations to create innovative and marketable green products. Further, environmental NGOs are serving as strategic bridges or third-party mediators between corporations and key environmental stakeholders. In bringing diverse and often conflicting groups together, communication barriers can be overcome and discussions about innovative, sustainable environmental practices are possible.

For example, Greenpeace (a global NGO concerned with protecting and conserving the environment) entered into a cross-sector alliance with Foron Household Appliances (a European distributor of home appliances and electronics) to eliminate CFCs and HFCs from the German refrigeration industry. Greenpeace leveraged its expertise on hydrocarbon technology and its wide network of scientists, the media and consumer groups to convince Foron to adopt Greenfreeze technology. In the end, the alliance, enhanced Greenpeace’s reputation as a strategic bridge-maker, gave Foron a distinctive competitive advantage and ultimately saved the corporation from bankruptcy. The ultimate beneficiary, however, was the environment due to the revolutionized, eco-friendly refrigeration industry.

Societal trends

Society’s expectations of business have evolved in the 21st century. Consumers want more than product quality or features. They want to know that they are purchasing products and services from morally responsible firms. For example, consumers are willing to pay more for a cup of Starbucks coffee because they know that part of their investment is going toward fair trade coffee procurement practices. Socially conscious consumers, and those who want to be regarded as socially aware, are willing to pay higher prices for TOMS footwear because their purchase gives rise to an impoverished child receiving a pair of

shoes. Research indicates that eighty-four percent of consumers would be willing to switch brands to support a social cause (Austin & Seitanidi, 2012).

At the end of the 20th century, public perception was that for-profit-organizations (FPOs) should repair past wrongs to society and the environment without expectation of profit in return. Decades of non-renewable resource depletion, pollution and inhumane workplace practices had soured the public's opinion of business, particularly MNCs. The United Nations Global Compact (UNGC) of 2000 attempted to change this perception. By formally appealing to FPOs to use their corporate competencies to help society, the UNGC transmitted the message that corporations were welcome to conduct business as usual (earn a profit) while doing the right things.

For example, prior to this UNGC inspired paradigm shift, Microsoft was criticized for its open admission to sell software to beneficiaries of its information technology literacy strategic alliance venture, "Partners in Learning Program". Now, Microsoft is considered to be a role model in transformational cross-sector partnerships and creating shared value. A strategy that was once abhorred for its self-serving approach is now applauded as being forward-thinking and pragmatic.

A global survey of over 700 Chief Executive Officers (CEOs) in one hundred countries revealed that "seventy-eight percent [of CEOs] believe that companies should engage in industry collaborations and multi-stakeholder partnerships to address development goals" (Lacy, Cooper, Hayward, & Neuberger, 2010, p. 11). While eighty-seven percent of executives from NGOs considered cross-sector partnerships to be important, a significant ninety-six percent of corporate executives felt the same way. Since, corporations remain in business only as long as they make a profit, it would seem that these corporate CEOs interpreted cross-sector alliances to be commensurate with profitability.

The number one reason that corporate CEOs took action on sustainability issues through cross-sector collaborations was to increase brand trust and reputation. This is consistent with the opinion by marketing expert, Philip Kotler, that "advertising is on the decline. The future is in corporate citizenship" (Lakin & Scheubel, 2010, p. 3). An even more interesting research result was that revenue growth and cost reduction were *not* more important to CEOs entering into sustainable-centered alliances than their own, personal and altruistic motives. Figure 13.1 depicts the top four factors that drive CEOs in emerging and developed markets to engage in sustainable practices such as cross-sector alliances.

How cross-sector alliance relationships evolve

Stage 1 – philanthropy

Cross-sector relationships typically start off in the philanthropic stage whereby the NGO solicits a donation from a FPO for a particular event or project. The resources are typically generic (such as cash or in-kind

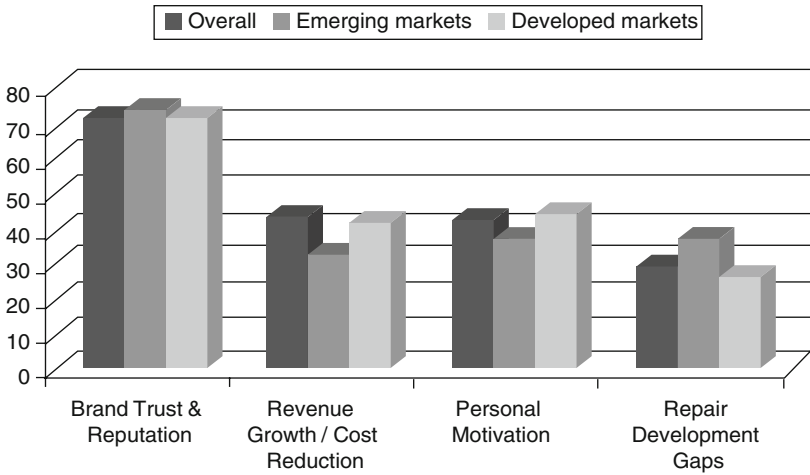


Figure 13.1 Factors driving sustainable cross-sector alliances

Source: Adapted from Lucy & Hayward (2011)

donations) and benefits are bilateral (flowing one way from the FPO to the NGO and its social cause). This stage is also referred to as *corporate giving* or *strategic philanthropy* whereby the FPO donates resources to the NGO and expects nothing more in return than the use of its logo or recognition in event promotions (Lakin & Scheubel, 2010). Usually, these donations are treated as “restricted funds” which require detailed reporting by the NGO to the FPO on outcomes and societal impact. The FPO then communicates these results to its shareholders to justify its use of its resources.

Communication is usually limited to annual solicitation and reporting between single representatives of each partner organization. The NGO typically has an attitude of gratefulness whereby any donation is graciously received without question and the unspoken agreement is that the FPO will not be “bothered” for another donation for a year (Austin, 2000). The FPO typically feels satisfied that it has demonstrated CSR. The partnership mindset is one of “we are separate entities cooperating toward a cause.”

For example: City Year, an American NGO that recruits young adult volunteers to teach school-aged children of diverse backgrounds to read, approached Timberland, a renowned manufacturer and retailer of rugged clothing, for a donation of boots for its volunteers. In 1989, the cross-sector alliance began when Timberland donated dozens of pairs high-quality boots to City Year for their young adult volunteers. For its donation, Timberland simply received thanks, acknowledgement of its donation in the NGO’s promotions and a sense of well-being (Austin, 2000).

Stage 2 – collaboration

As partners become better acquainted with each other and their relative strengths and weaknesses, cooperation gives way to collaboration. Partners inevitably recognize commonalities and more ways that they can work together to achieve benefits. Partners typically engage in multiple transactions that involve the exchanging of core competencies. These core competencies are hard-to-replicable benefits such as patented processes, unique products/services, distinct skills or access to key networks. Most significantly, this stage is typified by reciprocal resource and benefit exchange (Austin, 2000). The corporate partner acknowledges that the NGO partner possesses valuable assets that can be bartered such as connections to valuable networks or access to new markets. The NGO partner realizes that the corporation's economic survival is essential to the success of the partnership and that benefits must be reciprocal. To maintain the alliance, both partners learn to collaborate and help each other achieve their individual goals.

Cause-related marketing campaigns may be instigated in this stage whereby the FPO strategically ties its social development efforts to return-on-brand recognition or marketing promotions. For example, although Coke's mascot has been a polar bear since the 1920s, the corporation really only capitalized on the theme in the last few years. In 2011, Coke teamed up with World Wildlife Fund (WWF) on a cause-related marketing campaign (Arctic Home) to raise awareness about global warming, the melting of the polar ice caps and the uprooting of the polar bear from its natural habitat. The appropriateness of the polar bear to the cause added credibility to the alliance and helped to elevate the Coke brand from mere soft-drink producer to social citizen.

In the collaboration stage, champions emerge at the executive level of each organization. These champions are in positions to effect change and to charismatically involve other key organizational actors in the alliance. Communications between the champions and their agents become more frequent and usually expand to other departments such as Public Affairs. The mindset becomes "we" rather than "you and me."

For an example of a cross-sector alliance in the collaborative stage, we return to the City Year/Timberland scenario described in the philanthropy stage. The simple fact that City Year requested boots rather than money sent a message to Timberland that City Year recognized that the company produced high quality products. The high quality of the donated boots also sent a message to City Year, namely that City Year and its volunteers represent a worthy cause and they deserved "the very best." This mutual recognition and respect paved the way for open and trusting dialogue between agents of the two organizations when they met a couple of years later. The relationship quickly escalated to the collaboration stage when both partners realized how similar their missions and values were. Each partner connected with the other partner's social vision and agreed to enter into additional, more mutually beneficial activities. Timberland eventually became the

official sponsor of the entire City Year uniform. City Year helped enhance Timberland's human resources by engaging Timberland's employees in volunteerism. Timberland also employed City Year volunteers creating a win-win collaborative attitude between the two partners (Austin, 2000).

Stage 3 – Integration

The secrets to moving to the integration stage are linked interests and organizational fit. As the partners grow to trust and understand each other, they realize that they share similar values and that their missions either mesh or are extremely complementary. They realize that together they can accomplish more social, environmental or economic value than they could separately. This realization creates a "virtuous cycle" whereby partners who collaborate well together are encouraged to collaborate even more (Austin & Seitanidi, 2012, p. 17). Intangible benefits such as trust, employee engagement and social capital take precedence over tangible assets such as cash or product improvements. As the partners increase their confidence in the other party and the alliance to meet their needs, they gradually shift their priorities from self-serving interests to society-based goals. For example, for the last 21 years, Qantas Airlines and UNICEF have raised over \$26 million for children at risk by collecting spare change from passengers. They recently moved the relationship to a new level by jointly developing an interactive website where Qantas customers can donate their frequent flier points to UNICEF to give a child water, food or education.

In the collaboration stage, clearly defined, time-bound, isolated events give way to sustainable joint projects or ventures that serve the interests of the partners and society. By integrating their strengths and distinctive competencies, partners are able to share both the responsibilities and benefits of their venture. The parties' goals become conjoint rather than individual as they continually strive for values-based outcomes.

As partners increase commitment and responsibility to each other and the alliance, frequency and complexity of communication also increases. Typically, partnership relationship managers are designated to maintain constant communication and to disseminate the benefits of the alliance to all members of the organization. Employees at all levels are encouraged to engage in the joint venture/project which results in benefits for the FPO, the NGO and society. As employees increase their commitment to the cause, they increase commitment to their organization (human resource benefits), the partner organization (marketing benefits) and the cause (societal benefits).

For example, UNICEF Spain, an NGO that advocates for children's rights, partnered with Norton antivirus software's parent company Symantec Corporation to create a software product (AntiHIVrus) and website to build awareness and raise funds for AIDS and HIV research. People who go to the www.antivihrus.org site are encouraged to download Norton's AntiHIVrus

(antivirus) software for 1.20 €. All donations flow to UNICEF to reduce suffering due to HIV and AIDS.

Stage 4 – transformation

If the partners continue their commitment to helping each other achieve their individual goals and their joint cause, and, if they continuously work on developing complementary competencies, they can reach a level of transformational social change. The combination of strengths, vision and capabilities of the partners creates an environment that is conducive to innovation. The partners begin to envision new ways to co-create value that they could not have imagined before. They often develop interdependence by creating a new entity to accomplish their goals. For example, Animal Services and Assistance Programs (ASAP), a non-profit US pet food distributor, teamed up with Purina, a large US pet food manufacturer, to create a new entity: Purina Pets for People. Since 2010, Pets for People has donated over four million pounds of pet food to over 4000 animal rescue shelters. In return for their tangible and intangible resources, both partners are rewarded through enhanced brand reputation and shared learning. Refer to <http://www.asap-usa.org/site/Welcome.html> or the Purina corporate web site.

Rather than incremental social value, the partners' goal now is to instigate radical change or "disruptive social innovation" (Austin & Seitanidi, 2012, p. 18). To accomplish this transformational change, multiple stakeholders are often involved. For example, AfricanBrains solicits input from entrepreneurial firms, foundations, universities and governments in its call to create a better Africa. It facilitates long-term, multi-party stakeholder alliances among innovative, entrepreneurial firms, investors and governments in Africa. For more information refer to: www.africanbrains.net.

At the transformational level, both partners reach a level of enlightened self-interest (Lakin & Scheubel, 2010) whereby they recognize the right of the corporation to earn a profit through social benefit and enterprise. This profit provides fuel for future innovations as well as motivation for other FPOs to pursue cross-sector alliances. At a minimum, partners recognize that profits fuel future social investments and improvements.

For example, in 2011, the Bill & Melinda Gates Foundation's (BMGF) Water, Sanitation & Hygiene (WSH) initiative submitted a request for proposals for a toilet design that would provide safe, economical and sanitary waste for the sanitation-deprived people in developing nations. The intent of the project was to transform traditional flush toilets (of Global North) into something that could be sustained in Global South. BMGF recognized the importance of creating a profit incentive to encourage manufacturing firms to cooperate with other researchers on the project. Eram Group (a FPO engineering, infrastructure development and information technology firm) received a grant of over \$450,000 to develop the eco-friendly and hygienic

“eToilet.” By focusing on a need that every human being shares and by rewarding entrepreneurs for their innovation, Bill and Melinda were able to revolutionize the personal sanitation industry. For more information, see: <http://www.gatesfoundation.org/media-center/press-releases/2012/08/bill-gates-names-winners-of-the-reinvent-the-toilet-challenge>.

Table 13.1 summarizes the four stages of cross-sector alliance relationships.

Benefits of cross-sector alliances to NGOs

Increased revenue

At a minimum, cross-sector alliances provide funding for the NGO's operations. By nature, NGOs do not earn a profit and rely on outside sources for their financial survival. Competition for scarce government funding has increased the requirements and workload for NGOs to justify the need for these funds. Further, appealing to independent donors requires marketing and communication investment by the NGO. Corporate philanthropy eases much of the administrative overhead, allowing the NGO to focus on what it does best.

Reduced costs

Beyond the obvious benefit of funding or in-kind donations from corporations in cross-sector alliances, NGOs can also benefit through cost-savings and economy of scale. Often the corporate partner will provide the NGO access to marketing or finance expertise that would have been costly or unavailable otherwise. Further, if the two alliance partners pool their buying power, they can receive volume discounts on purchases such as printing and advertising.

Volunteer recruitment

Cross-sector alliances that have advanced to the Collaborative or Integrative stage, typically encourage interaction among employees at various levels of both organizations. As the corporate partner encourages its employees to get involved with the NGO partner's cause, the NGO has ample opportunity to recruit volunteers. Further, FPOs at the advanced stages of cross-sector alliance often promote and compensate employees for their volunteerism.

Synergy through interdependence

Based on the concept of inescapable interdependence, cross-sector partners recognize that environmental and social issues cannot be completely addressed by any single or independent party. They often “fail” into their collaborative roles and recognize the need to pool their resources and complementary capabilities to solve complex problems and achieve the NGO's goals (Bryson, Crosby & Middleton Stone, 2006). For example, the Nature Conservancy (TNC), a NGO concerned with the conservation of

Table 13.1 Summary of alliance stages

	Philanthropy	Collaboration	Integration	Transformation
Form	FPO helps NGO achieve social good through donations	FPO and NGO help each other achieve goals through events/projects	Formal agreement by both partners to create social value	Partners create a hybrid organization to create social value
Attitude	We are separately achieving our goals	We are partners achieving goals	We are a unit achieving our goals	Together, we create new value
Attitude of partners	We are separately improving the world	We are partners changing the world	We are a unit changing the world	We are transforming the world and creating shared value
Longevity	Short-term (once a year solicitations)	Short-term renewable contracts	Long-term renewable contracts	Indefinite longevity
Resource Exchange	Bilateral donation of generic resources	Reciprocal exchange of core competencies	Complementary core competencies	Innovative/new products or services
Structure	None	Informal	Formal	Formal
Decision making	Autonomous	Coordinated	Consensus	Joint
Accountability	Minimal	Contractual	Joint	Joint and several
Benefits to Partners	Mostly one-way from FPO to NGO (zero sum)	FPO receives brand recognition/NGO receives support for cause (plus sum)	NGO and FPO benefit through profitable new ventures	Partners and society are better off through synergistic innovation
Benefits to Society	Sole creation of value (by NGO)	Joint creation of value through projects	Co-creation of value through joint ventures	Co-creation of transformative social change
Austin & Seitani, 2012	Philanthropic	Transactional	Integrative	Transformational
Parkinson, 2006	Cooperation	Collaboration	Integration	
Lakin & Scheubel, 2010	Corporate giving	Social sponsorship	Corporate citizenship	Enlightened self-interest

environmentally sensitive land, had to face the fact that they would never have sufficient resources to secure all the world's valuable forests. They adopted an incremental approach to conserve one forest at a time. TNC formed an alliance with Georgia-Pacific (a large US-based forestry company) to conserve one parcel of land (donated by Georgia Pacific). Over the past two decades, the two organizations have collaborated on and reclaimed several valuable forests leading to strong brand reputation for both.

Benefits of cross-sector alliances to corporations (FPOs)

Access to new markets

If the markets and networks of the two partners are distinct and far-reaching, the two parties can share their distribution systems without fear of competition. This increased access gives the FPO access to untapped markets at a reduced or negligible marketing cost. A MNC, such as Wal-Mart, is wise to partner with a NGO in the foreign target-market for both strategic and altruistic reasons. Strategically, Wal-Mart is more likely to be accepted in a foreign market if it works with a trusted local agent. Altruistically, the needs of Global South communities can be communicated to MNCs like Wal-Mart that have sufficient power and resources to serve those needs. Finally, building community relations with the help of a NGO partner gives the FPO insights into untapped consumer needs that would not have been revealed through traditional market research.

Enhanced brand awareness and reputation

Although corporations may temporarily have to suspend their business agendas when developing social and community relationships, the long-term marketing benefits can be significant in terms of increased customer loyalty and enhanced brand reputation. In its infancy stage, Starbucks Corporation recognized the significance of increasing its brand awareness by partnering with CARE to support fair-trade coffee bean procurement practices (Austin, 2000). Fast forward twenty years, and Starbucks not only has strong and positive brand recognition, it earns over \$14 billion a year selling coffee.

Benefits of cross-sector alliances to society

Physical and economic well-being

Cross-sector partnerships typically favor fair-trade practices and purchases whereby the FPO agrees to purchase raw materials or inputs only from sources that have been sanctioned as being fair to the local community. "Fair-trade" typically means paying fair wages or providing sufficient income for local growers to sustain their well-being.

Sustainable community development

If managed properly, cross-sector partnerships tend to leave society or the environment better off than it was before by building the local community's capacity to sustain the benefits. This concept is best captured in the ancient Chinese proverb:

Give a man [sic] a fish and you feed him for a day. Teach a man to fish and you feed him for a lifetime.

The underlying assumption is that sustainable community development requires input from the community to understand the unique needs and values of that community. Once the corporation receives this input, it is able to reconceive not just new uses for its products, but new products to meet society's needs. Friends of the Earth, an international, grassroots, environmental NGO have collaborated with GE-Hitachi Nuclear Energy to conduct joint research on a reactor that could actually consume nuclear waste and generate carbon-free power.

Inspiration for future cross-sector alliances

Successful cross-sector alliances attract the attention of society and other NGOs and corporations. Thus, they provide exponential benefits to society by serving as inspirational role models for other organizations to set up strategic cross-sector alliances. For example, the alliance between Georgia Pacific and the Nature Conservancy to conserve the South Carolina Black River Wetlands has inspired other FPOs, such as Meijer Incorporated and Dow Chemical Company, to enter into environmentally valuable alliances with TNC.

Challenges and risks of cross-sector alliances

Differing paradigms of the profit and non-profit sectors

The corporate mindset of profitability and efficiency differs radically from the NGO's orientation to serve a cause and build community capacity. Cross-sector partners are faced with the challenge of learning to understand and speak the language of the other sector. Efficiency, for example, may be inherently essential to the corporate partner's success, yet it conflicts with the NGO partners need for inclusiveness of all parties and consensus-building. Acceptance and understanding of the inherent differences are the keys to overcoming this barrier.

Marketability of the cause

The NGO's cause or mission needs to spark the interest of a corporate partner. If the NGO does not have an extensive network of members and other partners, there is little or no possibility for the FPO to gain access to new

markets. If there is a lack of public sympathy for the NGO's cause, there is no or negligible potential for the FPO to achieve increased brand awareness. To instigate a strategic cross-sector alliance, the NGO needs to demonstrate how such an alliance will benefit the FPO.

Investment risk

Cross-sector alliances, particularly in the integration and transformation stages, require a significant commitment of time, financial and institutional resources. The partners must perceive that their commitment to the cause is commensurate with their responsibility to their individual organizational stakeholders. If either organization over-commits to the alliance at the expense of its own operations, both the organization and the alliance are doomed to fail. This over-commitment can range from over-extending finances such that the FPO cannot meet its own fiscal responsibilities to liquidating the NGO's reputation by loaning the use of its logo to questionable firms. For more details refer to: http://www.globalwitness.org/sites/default/files/pdfs/Pandering_to_the_loggers.pdf

Conflict

Although constructive conflict can enhance creativity and lead to more innovative solutions, destructive conflict can hinder progress or kill the relationship. As previously described, the two sectors are very different in their decision-making and goal orientations. To mitigate disruption due to these differing paradigms, partners need to develop trust and respect for each other's differences and to clearly communicate roles, expectations and outcomes. Inevitably partners will grow and evolve at different rates. Power imbalances need to be addressed before they become power struggles, and expectations need to be communicated and adjusted as needed.

Strategies to sustain cross-sector alliances

Communication

Open, honest and frequent communication between the alliance partners helps them to understand each other's unique needs, values, competencies, weaknesses and values. This understanding allows the partners to help each other achieve individual goals while working toward their common vision. Further, shared knowledge between the partners and acceptance of their differences leads to increased predictability and confidence.

Trust and respect

Whereas previous experience with other cross-sector alliances and positive reputation help to establish surface-level trust between the partners, deeper levels of trust require mutual respect and understanding over time.

The predictability that comes from constant communication will help the partners establish knowledge-based trust whereby they anticipate the other partner's reactions without conversing. At the transformation stage, partners typically achieve an even higher level of trust whereby they espouse similar values, attitudes and goals. These shared values and mutual goals help the partners bond and identify their alliance as a social unit.

Commitment

Closely related to trust is the need for each party to commit to each other and the cause. This commitment is evidenced by agreement to provide agreed-upon resources such as personnel, time, finances, services and infrastructure. Failure to provide these resources at the time they are required results in diminished trust and inability to achieve their goals.

Formal partnership agreement or memorandum of understanding

Ad hoc agreements can lead to misunderstanding and conflict due to role ambiguity, incompatible goals and unmet expectations. To avoid disappointment, alliance partners should mutually develop written partnership agreements or memorandums of understanding that outline the partners' individual and mutual goals, timelines, expectations of each other, and the alliance, roles and outcomes. For more detail, refer to the following documents:

Meeting the Collaboration Challenge Workbook, The Drucker Foundation, 2002,
www.hesselbeininstitute.org/tools/collab_challenge/collab_workbook.pdf

The Community Wealth Seeker's Guide, Community Wealth Ventures Inc., 2001
<http://community-wealth.org/content/community-wealth-seekers-guide-mapping-your-assets-and-identifying-opportunities>

Mission congruency

Although it is understood that the two partners have different orientations with respect to how they accomplish their goals, at the onset of their alliance, their missions and basic values need to be aligned. Over time, the partners' missions tend to mesh or overlap as they continually share a common vision and strive to achieve mutual social goals. At the transformational stage, partners typically develop a joint mission for the entity they have created.

Chapter summary

In this chapter, cross-sector alliances between FPOs and NGOs are described as a crucial vehicle in creating shared value for both the partners and for society. The viability of cross-sector alliances are explained in terms of technological, political, economic, environmental and social trends. The

benefits of such alliances include increased revenues, synergies and volunteers (for NGOs); access to new markets and enhanced brand awareness/reputation (for FPOs); and sustainable community development and physical/economic well-being (for society). The challenges of such alliances include the differing paradigms of the NGO and FPO sectors, marketability of the NGO's cause, investment risk and potential for conflict. To overcome these challenges, cross-sector partners need to communicate openly, honestly and frequently; develop trust and mutual respect for each other; commit to provide necessary resources as agreed and on time; develop a formal partnership agreement; and encourage mission congruency.

Cross-sector alliances typically start out in the Philanthropy stage where benefits flow one-way from the FPO to the NGO. As the partners learn more about each other's needs, values and capabilities, they move into the Collaboration stage where benefits flow both ways. If the alliance partners continue to build trust and shared visioning, CSR gives way to co-creating shared value in the Integration stage, and eventually co-creating innovative social change in the Transformation stage.

One of the major contributions of this chapter is the acknowledgement that economic success and serving the social good are not exclusive. On the contrary, the two goals are complementary and interdependent. Through collaboration with society-based organizations, business can be both profitable and altruistic by achieving economic, environmental and societal goals. Cross-sector alliances are an effective and humanistic vehicle for MNCs to conduct cross-border transactions.

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14

Indian Firms and the New Era of Corporate Social Responsibility: Raising the Bar for People above Profits

Grishma Shah and Subhasis Ray

Traditionally, many Indian firms, both private and state-owned, acted as grandfather organizations that not only took care of the employee, but the entire family during and after that employee's tenure at the organization. For example, Bank of Baroda, a prominent Indian multinational and one of twenty-six public sector banks (PSBs), has a policy in which if the employee of the Bank passes away in harness, the Bank would hire the next eligible kin of that employee, with the clear intention of securing that family's financial well-being and social reputation in the community (Khandelwal, 2010, p. 115). If a kin was not available or eligible, the family would receive compensation and pension benefits from the Bank.¹ This represents just one of many humanistic policies that put people and the community above profits in India. More importantly, it is not an isolated policy upheld by some extraordinary firms, but a reflection of deep rooted Indian ethos coupled with a historically collectivist institutional and national culture. A brief history of many Indian firms reveals that they have always been steadfast and pioneering in their belief and practice of humanistic management. In other words, putting people above profits or placing community well-being above economic well-being has been at the center of many Indian businesses from their inception. In this chapter, we examine the shift in CSR policies pre- and post-liberalization (also referred to as globalization) within the Indian public sector as such. Policies and norms provide a worthy example of how Indian ethos and culture can inform humanistic management. In doing so, we first (1) provide a brief review of philosophical thought on the role of the firm in Indian society by its forefathers such as M. Gandhi and his contemporaries; (2) followed by a concise discussion of India's traditionally collectivist culture and its manifestation within organizations; (3) third, we survey the humanistic elements of state owned enterprises in Indian society, known as public sector units (PSUs) with a special focus on PSBs and assess some of the successes and failures of the humanistic policies

with in these firms; and (4) finally, we conclude with a discussion on the newly minted Corporate Social Responsibility (CSR) Policy embedded in the heavily amended 2012 version of the Companies Act of 1956. The discussion intrinsically speaks to the inability of socialism and market capitalism to authentically capture humanistic elements at the core of Indian ethos, philosophy, culture and tradition as socialist ideals result in unproductivity and corruption, while market capitalism generates tremendous, yet unbalanced growth. Essentially, this chapter offers excellent insight into the evolution of humanistic thoughts and tenets in Indian management from post-independence to post-globalization in an effort to highlight how ethos, culture and tradition can enlighten the future of humanistic management in India and beyond.

Philosophical thoughts on the role of economy and the firm in Indian society

Humanism in management is deeply embedded in the Indian articulation of values, beliefs and way of life. Prominent leaders, philosophers and saints such as Mahatma Gandhi, Jawaharlal Nehru, Swami Vivekananda, Sri Aurobindo and Tagore (the latter also contemporaries of Gandhi) have spoken and written about the Indian ethos and how it emanates from ancient scriptures and way of life. It was centuries of foreign rule, they posited, that eroded this value system from the collective consciousness and brought in ineffective imitation of Western ideas, beliefs and management practices. Gandhi attested that in order to have a moral and valuable society or nation, individuals must have a conscience and use it toward ethical behavior and concluded that individuals are at the core of a moral and ethical nation. He stressed this basic premise as not only critical but the core of any society (Dasgupta, 1993, pp. 134–136). In a Harvard University lecture in 1913, Tagore emphasized consciousness as well and specified that “the Indian view included the world with the man as one great truth ... the harmony that exists between the individual and the Universal” is central to individual and societal well-being (Tagore, 1988, p. 77). In a similar vein, the Indian spiritual philosopher Sri Aurobindo talked about an “integral view” of one that accepts a universal consciousness among all (Aurobindo, 1997). It is this emphasis on an individual’s work as an expression of consciousness as well as the harmony and integrity among self, society and nature that hallmarks the Indian view of humanism.

At a macro level, collective consciousness and the economy are not mutually exclusive. While Gandhi was never considered an economist in the purest sense, with in his deep seated vision of India, he had potent views on the role of the economy in society. Most notably, Gandhi believed that the economy and ethics are inseparable. He attested that for the economy

to warrant value and in turn be valuable to society, it must epitomize an individual's worth, values and ethics at its very core (Dasgupta, 1993, pp. 131–137; Gandhi, 1958). He contended that:

Standard economic analysis failed to take ethical considerations into account, that economics itself had become largely irrelevant for either understanding behaviour or prescribing policy. Not only were the generally accepted principles of economics invalid for policy making, if they were acted upon they would make individuals and nations unhappy. “Economists do not take men’s conduct into account but estimate prosperity from the amount of wealth accumulated and so conclude that the happiness of nations depends on their wealth alone”. (Gandhi’s collected works cited in Dasgupta, 1993, p. 134)

This clearly echoes contemporary humanistic thoughts on the inaccuracy of GDP measures as reflection of a nation’s well-being (Pirson et al., 2010). It is a well-known fact that the happiest nations on the planet are not necessarily the wealthiest (topped by countries like Bhutan, Costa Rica and Venezuela). Moreover, it speaks to the humanistic belief that individuals along with their ideas, their ethics and their behavior are at the core of a balanced society (Pirson, 2013).

Honing in on economy at a more micro level, Gandhi had a very potent and holistic vision of the firm and trusteeship. He sought for every firm to not only take a trusteeship responsibility, but more importantly, aspired to institutionalize this through formal public policy. Gandhi’s

rationale of trusteeship was that everything on earth belonged to and was from God. If an individual had more than his “proportionate” share of wealth, or talent, he became a trustee of that part for the people as a whole. The rich should therefore use their talents to increase their wealth, for the sake of the nation. Trusteeship, thus, was a form of moral responsibility but it was quite different from either charity or benevolence and in a way it was an alternative to them. “If the trusteeship idea catches, philanthropy as we know it will disappear” (Gandhi’s collected works cited in Dasgupta, 1993, p. 151)

Concisely, Gandhi believed in holistic well-being and felt that it was the duty and obligation of the wealthy, firms or individuals, to create a balanced society. By no means does that mean that the wealthy should give handouts. In fact as noted, Gandhi wanted to do away with the idea of charity and believed very strongly that individuals should earn their own keep through manual labor. Trusteeship to Gandhi was greatly tied in with the idea of ethics, the economy, social welfare and well-being. Essentially, he wanted a society that was more balanced and inclusive economically and it

was the fiduciary duty of firms and/or the wealthy to achieve this via institutionalized trusteeships. Moreover, it was the responsibility of individuals to work and aspire so that they would not need trustees (Dasgupta, 1993, pp. 151–154).

Gandhi was a humanist in every sense of the word and while his economic vision of *Swadeshi* or economic self-independence never came to fruition, the humanistic elements of his vision were and are evident in many aspects of Indian society, particularly the public sector (Dasgupta, 1993, pp. 142–150). This in large part is credited to Gandhi's close friend, confidant and the first Prime Minister of independent India, the honorable Jawaharlal Nehru. Despite Gandhi's popular appeal, his utopian vision of the economy was never entirely integrated into India's economic policies post-independence. On the contrary, Nehru differed notably on the merits of *Swadeshi* from Gandhi and after Gandhi's demise, Nehru's economic aspirations are what ultimately guided India through the first few decades of independence. Nehru is considered the pioneer of India's five-year plans, at the heart of which are public sector undertakings (PSUs). While the five-year plans themselves have been heavily criticized for their failure to bring the masses out of poverty, for our purposes, we must recognize the core humanistic philosophies guiding them. Concisely, Nehru believed that "the objective of Indian economic development was declared to be economic growth together with social equity" (Dasgupta, 1993, p. 163). In this respect, he differed in approach from Gandhi. While Gandhi believed in social welfare, he also felt that the means by which to achieve social welfare was through individual labor, self-respect and hard work. On the contrary, Nehru's economic policies were a means by which one could achieve social equity and accordingly, he advocated not only a heavy hand from the State via PSUs, but more importantly, for our discussion, a strong emphasis on social well-being and welfare as the desired by-product of sound economic policies aimed at social equity and poverty alleviation. In this respect, PSUs are not only the manifestation of Nehru's economic philosophies, but the organizational policies and culture of PSUs themselves are the embodiment of the values, philosophies and culture of India. This philosophical core coupled heavily with a historically collective culture (discussed later) set the stage for both formal and informal humanistic management practices (respectively) for PSUs in India.

Humanism and collectivism

Broadly, collectivism, as defined by Western scholars, "stands for a society in which people from birth onwards are integrated into strong cohesive in-groups, which throughout people's lifetime continue to protect them in exchange for unquestioning loyalty" (Hofstede, 2001, p. 225). In Indian philosophy, collectivism is not an end point but a manifestation of the cultural

orientation towards perfection ... “this is the true sense of progress and there must be as part of it a sound political, economic and social life, a power and efficiency enabling a people to survive, to grow and to move securely towards a collective perfection” (Aurobindo, 1997, p. 385). Historically, with in an Indian context, a family structure founded on marriage is the most fundamental and profoundly valued component of society (Stern, 2003). All decisions are made within the collective family structure, whose values are grounded on the dogma of the family’s community. Such communities are founded on religion, caste and socio-economic status. Most notably, social relationships are at the heart of collective society. This fundamental norm of collectively in which one’s “in-group” defines acceptable norms and in which social relationships dictate day to day functions of an individual penetrate every strata of Indian society. For example, from a management perspective, human resource management in India tends to be based on social contacts, relationships and personal affiliations to groups – while this is somewhat evident everywhere, it is more intense in India (Becker-Ritterspach and Raaijman, 2013). While there are significant issues with this such as a system of recruitment and promotion-based on social relationships as opposed to merit, at a macro level it also results in society in which the economic gains of a society are willfully traded for the social well-being of one’s in-group. Culturally speaking, while this may not lead to the most profitable and economic prosperous society, it does lead to one in which social welfare (at least for one’s own in-group) is highly valued, a core requirement of humanistic management. These cultural elements of collective well-being for one’s in-group, be it caste, religious, employer, family or socio-economic affiliations, complemented by Indian philosophical thought have molded the culture of mega PSUs in India post-independence to pre-liberalization.

Public sector undertakings/banks in India

Public sector undertakings (PSUs) in India are defined as enterprises in which the Indian government owns fifty-one percent or more of the shares. Since its independence from the British, there have been hundreds of PSUs in India and because we cannot adequately discuss the humanistic undertones and policies of all of them in an effective manner, we focus specifically on Public Sector Banks (PSBs) (Banerjee et al., 2004). We select this industry because it is large, both in revenue and its employment force. More usefully, it is a sector that was at one point mainly state-owned, but post-liberalization, is permitted to be privately owned. For our purposes, this is valuable as it allows for analysis of policies pre- and post- liberalization, as the latter has witnessed heavy competition and privatization.

India has a long history of private banking in which a majority of banks and financial institutions were controlled by a few wealthy families. To

de-concentrate the wealth and discard defunct and biased lending practices, the pioneers of Indian economic policy post-independence found it best to nationalize banks. It was believed that nationalizing banks would allow the mobilization of saving and financing for the masses. Part of the vision behind PSBs was to have not just the principle of profit but development. “The post-war development strategy was in many ways a socialist one, and the Indian government felt that banks in private hands did not lend enough to those who needed it most” (Banerjee et al., 2004, p. 4). Moreover it was believed that “public ownership subordinates the profit principle to other development goals, influences the behaviour of bank managers trained as public servants not to succumb to the lure of quick profit, and sets up strong forces within public banking that resist a return to corporate dominance. The result is a more stable and inclusive banking sector” (Chandrasekhar, 2013). In light of these principles, the nationalization of Indian banks occurred at intervals between 1955 and 1980. In 1955, the government took control of its first bank, State Bank of India and its subsidiaries. Subsequently, in 1969 and 1980, fourteen more banks were nationalized and lastly seven more in 1980. Currently, in total, there are twenty-six PSBs in India. A majority of the banking sector, estimated to be controlling about eighty percent of the market, remains publicly owned (Banerjee et al., 2004).

Public sector banks and staff welfare programs

Staff welfare has always been an important component of PSBs. Normally this has fallen into the realm of the human resource department. Typically, three percent of banks’ profits were reserved for staff welfare including many humanistic policies such as the one mentioned in the opening of a family member receiving employment benefits if a bank member deceases. Other more common welfare practices include meal subsidies during banking hours, funding for education and healthcare for the family members of employees, holiday homes for vacationing employees (current and retired) and hefty benefits and packages for retiring and retired employees. While these may seem rather commonplace in our contemporary age of corporate social responsibility, one must understand not just the roots of these in philosophical thought but the operationalization of them in a high context, collectivist culture. Essentially, generous staff welfare policies with in the PSBs resulted in two notable outcomes. The first is very positive in the sense that PSBs became grandfather organizations that genuinely met the needs of the bank’s employees and their families (Khandelwal, 2010, p. 186). In turn, banking jobs became highly coveted and valued positions in many parts of India. Securing a position at a PSB not only meant tenure for life (in most cases), but security for oneself, family well-being and a respectable position in a rather hierarchal society. Nevertheless, while staff and social welfare was indefinitely achieved for the PSB community, these

coveted positions tended to be reserved for the educated middle class in India. Consequently, while the intention was greater social equity and well-being for all, the luxury became reserved for a fortunate few within the system, but the masses still struggled. Over time, unconcerned with financial successes or failures, the culture within PSBs of staff welfare remained a norm. In fact in 2010, almost two decades after globalization and heavy pressure from private banks, “The Committee of HR Issues of PSBs” continued to support the notion of strong staff welfare noting that three percent of profit should continue to go to employee welfare and other community-based programs, but with more discretion, highlighting a culture of high inefficiency and speculatively, corruption (Khandelwal, 2010, pp. 186–188). In other words, PSBs in India continue to follow rather humanistic staff welfare policies in the era of globalization despite growing concerns over unscrupulous behavior. From a firm level perspective, the concept of such strong social welfare schemes by PSBs reflects determinism toward humanistic values and CSR. While the merits and de-merits of how PSUs generally failed at inclusivity and social equity can be long debated, the staff welfare policies within cannot. PSUs and in turn PSBs served as grandfather organizations and the workforce they employed enjoyed reputable social well-being and security.

In contrast, at a national level, social equity through a centralized, state controlled economy manifested through public sector enterprises was largely a failure as the promises of inclusivity, poverty alleviation and economic growth never came to fruition. The Indian economy, modeled after socialist Soviet systems, did by no means deliver what it promised. The failure is attributed largely to a state controlled, heavily bureaucratic system that encouraged corruption over competitiveness, apathy over productivity and opportunism over integrity. In fact, the seventies and eighties are termed as the “license raj” (reign of permits) where obtaining cripplingly delayed permits for exports/imports became the norm in business. Economic setbacks and in turn financial crisis, led to the policy liberalization of 1991 through coerced policies of foreign direct investment and global trade to revive the ailing economy. Post-globalization (1991 onwards), many PSUs were diluted or privatized and while the economic growth story since 1991 has undoubtedly been more positive than negative, significant income inequality, social ills, human rights and developmental issues persist. Not surprisingly, the global discourse on CSR and sustainability points to a unified concern about the future of business as usual and the need to work toward a more humane, cohesive, integrated approach in living and working. While the Indian ethos has always been heavily vested in such a discourse, India’s economic growth story under socialist ideals and later as part of the BRIC triumphs has been genuinely questioned by its significant failure to convert economic growth to inclusive, balanced and sustainable development. Clearly, we must do more or alter what we currently do to for social equity.

Raising the bar: PSUs and CSR in the era of globalization

The idea of societal and social well-being over economic well-being is deeply embedded within the Indian ideals of harmony and integrity among self, society and nature. The Indian public sector has been active on the social front right from its inception through expansive staff welfare programs along with philanthropic activity. Such programs, though not termed CSR and often mismanaged, have always been regular features of PSUs (Ray, 2012). Nonetheless, the programs failed at social equity and inclusive development. In recognition, the strategic approach to CSR, as opposed to philanthropy or firm-based welfare view has found expression in a number of recent policy changes in India. The Indian government woke up to CSR in its modern avatar in late 2009 with voluntary CSR guidelines for its PSUs. In April 2010, they pushed the bar higher by issuing the first mandatory guidelines for PSUs mandating them to spend 0.5 to 5 percent of their net profit (depending on their profit figure) on social projects. The guidelines provided an ambiguous qualification of CSR underscoring some aspects of the triple bottom line, sustainability and shared value. Notably, compared to the ad hoc approach adopted by PSUs earlier, the new guidelines introduce significant changes. Major alterations include:

- Strategic and systematic focus on CSR planning, implementation, monitoring and evaluation.
- More planned and better evaluated (by third parties) projects and activities.
- A mandatory baseline survey documenting existing community conditions, before CSR projects are initiated, with the goal of better accountability.
- The creation of a CSR hub to monitor activities.

In retrospect, the surge of regulations to align corporate driven economic growth with inclusion driven social development came on the heels of the economic crash of 2008. While Indian companies like Infosys, Mahindra and Tata stated their global ambitions, the government struggled to legitimize absolute poverty, hunger, starvation deaths and farmer suicides. India's economic growth story, post-liberalization, has not translated to an improvement in the quality of life of its poorest. The rise of ultra-leftist, violent groups (called Mao-ists) in the extremely underdeveloped regions of the country illustrate how both the Indian government and large corporations have failed to ensure the interests of marginalized stakeholders in spite of their rhetoric of BRIC membership and projections of India to be the largest economy by 2050. The failed public policy outcomes along with voluntary corporate initiatives to bridge the economic gap between the haves and have-nots have not gone unnoticed. Essentially, the humanistic orientation of the Indian philosophy and culture did not find expression and was

not successfully integrated in Indian business management both pre- and post-economic liberalization. Hence, a radical public policy initiative was unleashed by the government at the end of the last decade.

Not surprisingly, the 2010 guidelines resulted in some unexpected challenges. For example, many PSUs were not able to spend their CSR budget, citing lack of manpower, lack of credible NGOs and the difficulty in identifying and executing projects in remote locations. While the guidelines made CSR mandatory and brought in system and structure, lack of capacity among executing managers created a bottleneck. Project identification coupled with political pressure to use CSR funds to appease voters remained a problem. In response to the issues, the mandatory CSR guidelines were revised in 2013. In April 2013, the government of India released a new guideline titled "Guidelines on Corporate Social Responsibility and Sustainability for Central Public Sector Enterprises" that re-emphasized the link between CSR and sustainability. The new direction sought linkage between CSR, sustainable development and environmental sustainability. CSR projects now could be aligned with the United Nations' Millennium Development Goals, UN Global Compact, OECD (Organisation for Economic Co-operation and Development) guidelines for multinational enterprises. There is also notable thrust on "capacity building (of communities), community empowerment, inclusive socio-economic growth, environmental protection, green technology, development of backward regions, and upliftment of the marginalised and under-privileged sections of the society" (DPE, 2013). Specifically, the guidelines identified 276 economically backward districts of India and asked PSUs to have at least one major CSR project in these districts. It is clear from the revision that there is a realignment of the regulations toward sustainability, sustainable development and empowerment of the poor. CSR regulations are now more targeted at the segment of the population at the bottom of the pyramid. While enviable in theory, the new guidelines raises significant questions on if CSR can deliver last mile benefits to the impoverished of India. However, considering the adage that a chain is as strong as its weakest link, we believe that the Indian economy cannot become sustainable and global if the poor and marginalized cannot not be economically empowered. Consequently, from a humanistic perspective and given the increasing focus on sustainability and triple bottom line, the Indian public sector has twin opportunities in front of them; to revive the social angle of their operations and fulfill the ideal that PSUs can bring about social equity and inclusivity.

New mandatory CSR guidelines for listed firms

Raising the bar even higher, on 8 August 2013, India became the first country to mandate CSR expenditure for the top one percent of its listed companies (numbering around 8000) when Parliament passed the Companies

Bill 2012 (MCA, 2012).² Qualifying firms are now mandated to earmark at least two percent of their net profit (average of last three years) for social investment and report on their performance including explaining inability, if any, to spend this earmarked amount in a given year. Under the new Bill, every eligible company will form a board level CSR committee that will be responsible for CSR policy development, planning and implementation for the company. The new public sector guidelines of 2013 and the Companies Bill 2012 signify increasing regulatory pressure on companies to improve their social performance and share value (Porter and Kramer, 2011). As a result, India is likely to see a sharp increase in CSR among its companies providing them an opportunity to engage with their stakeholders in a more transparent, sustainable and institutional manner. In instituting Clause 135 in the Companies Bill, India is the first country in the world to make CSR mandatory, a pioneering step forward. However, executions and outcome of these will be the true testament to the policy. If listed firms virtuously implement the guidelines, we will witness significant results. On the contrary, when firms find loopholes, shareholders protest and the guidelines prove burdensome, one could witness a fraught policy.

Summary and lessons

A spiritual approach to humanism has underlined Indian culture, philosophy and society for centuries as evident in major literature in these areas. Post-independence India (1947–1991) adopted a socialist approach to economic and social development that relied heavily on state controlled centralized public sector to build the infrastructural backbone of the country. The PSUs engaged in staff welfare and charity-based models of CSR until 1991, failing to align community welfare with its business strategy and mission. Thus, the humanistic approach was confined to philosophical ideals, grandfather organizations and piecemeal corporate philanthropy at its best. The Soviet model led to an economic crisis that ultimately unlocked the gates to free market capitalism.

Economic liberalization in 1991 brought in a new era of triumphant economic growth. Nonetheless, the “rising tiger” has been marred with shrill contractions in which farmer suicides, infrastructural challenges and conspicuous income inequality are juxtaposed with high GDP growth, technological development and an increasing number of the super-rich. The manifestation of global capitalism is diluting many aspects of institutional and social collectivism, so deeply rooted in humanistic tenets. Much of this is entrenched in the core elements of capitalism, which emphasize individual self-interest, profit maximization and economic well-being above all other values. Undoubtedly, global capitalism in its current veneer is being shrewdly questioned. Though the Indian economy gained from its shift of gear to more global, market friendly capitalism, the humanistic element

remains separate from core business functions leading to low human development indicators, extreme income inequality and social unrest. The Indian public- and private-sector managers have been unable to address the need to make the management function more plural, inclusive and humanistic in the six decades after its independence under neither the socialist nor capitalist paradigms.

Fortunately, almost two decades after liberalization, the government seems to be on a course correction, instituting regulations to align public and corporate resources toward social equity. New regulations that seek to engage corporate resources for social development through the mandatory guidelines for the public sector and the very recent Companies Bill 2012, which mandates top listed companies to follow suit should prove to be an extraordinary gain for Indian society.³ We feel that mandatory CSR regulations have opened a great opportunity for Indian companies and managers to revert to a more humane approach to management. This is a chance to re-consider externalities, resource costs and the role of business in Indian society. The policies grant an excellent means by which to employ CSR to reconnect business and values with pioneering Indian intellectuals like Gandhi, Sri Aurobindo and Swami Vivekananda. Given Indian societies' strong orientation toward humanistic values of cohesion, the new regulations provide PSUs and private firms a unique opportunity to chart a new course in the global management. Identifying the marginalized and impoverished and working on improving their quality of life through service, trusteeship and shared value can bring dynamism and vitality in Indian society and polity (Porter and Kramer, 2011). Management in India will greatly benefit from looking inward first to reflect on the Indian ethos and values. This may well lead to the development of an organic, home-grown model of doing business rather than a Soviet or American one. Such a model, rooted in the Indian reality and tradition is likely to result in effective humanistic management practices. Most importantly, CSR informed and influenced by Indian culture and ethos can provide new direction to the study of humanism in management. The Indian way of managing material issues through spiritual lens can enlighten this discourse through its articulation, failures and possibilities.

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Notes

1. This information is based on personal interviews of employees at the Bank of Baroda conducted in December 2010 along with the above noted citation.
2. See Clause 135 of Companies Bill 2012 at http://www.mca.gov.in/Ministry/pdf/The_Companies_Bill_2012.pdf accessed on 20 August 2013
3. The details of this regulation are yet to be framed.

Part III
Humanistic Pedagogical
Innovations

15

Embracing Humanism in International Business Education: An Application of the Service, Operative, and Lecture Learning (SOLL) Model

Meghan E. Norris

Introduction

Recently much attention has been called to the lack of humanism in higher education business programs (e.g., Ghoshal, 2005; Melé, 2003; Pirson and Lawrence, 2010; Spitzeck et al., 2009). These calls highlight the intense focus on maximization at the expense of consideration to individual and societal impacts found in business programs. Supporting this concern, some data suggest that students of economics in particular behave quite different than non-economists, specifically endorsing and engaging in less ethical behaviors than their counterparts, and furthermore, these less-ethical outcomes have also been observed in the “real world” (e.g., Kirchgassner, 2005; Marwell et al., 1981; Carter and Irons, 1991; Rubinstein, 2006). These concerns extend to international business programs, and the findings are troubling: focusing on economic maximization without explicit attention to social outcomes is unsustainable (see Nicholls, 2006). As a result, a need has emerged to reposition business schools so that sustainable, humanistic approaches are taught and understood by students and faculty alike (Pirson and Lawrence, 2010). This is especially important in international business contexts where faculty and students may not have the experience to recognize humanistic outcomes in unfamiliar cultures.

Despite sustainability and morality concerns associated with maximization approaches, some scholars have argued “humanism does not change the law of economics” (McGuire et al., 2005, p. 132). Notwithstanding potential focus on maximizing economic output and “scientific thinking” (Ghoshal, 2005), it is important to note that not all research finds business students demonstrate less humanistic tendencies compared to other students (e.g., Frey et al., 1993; Frey and Meier, 2003; McGuire et al., 2005). Indeed, faculty have an opportunity to teach students not only

how to maximize profit, but how to simultaneously consider the impact of maximization on the global society at large. The current chapter provides a model for faculty from which to design courses that teach both traditional economic theories in addition to providing humanistic learning experiences with a focus on international business applications. The purpose is to facilitate student expertise in holistic business management practices that include both traditional and humanistic considerations so as to promote student efficacy, confidence and comprehension of outcomes in the context of international business.

Overarching goal of this model

The primary goal of this multi-faceted approach to international business education is to develop student credibility. Credibility is a heavily researched construct in the social sciences, and is comprised of expertise and trustworthiness (Hovland et al., 1953). These two underlying components should be equally recognized. Not only should students have expertise in their field, but they must also be considered trustworthy.

In order to achieve expertise and trustworthiness in international business, students must not only have comprehensive knowledge and skills in economics, management and related disciplines, but students must also be able to demonstrate conscientious due diligence of the application of that knowledge to cultures in which they may have little to no conceptual or experiential understanding. Certainly individual and cultural moral lines and goals vary, and to a large degree it is up to the individual to decide a course of action based on those morals and goals. However, comprehensive recognition of decision consequences as a result of those morals and goals is paramount for demonstrating both expertise and trustworthiness.

(Re) Introducing service-learning to business schools

One way to develop student credibility in international business that embraces both economic and humanistic principles is to include service-learning in curriculum. Service-learning is “a teaching and learning strategy that integrates meaningful community service with instruction and reflection to enrich the learning experience, teach civic responsibility, and strengthen communities” (National Service-Learning Clearinghouse, n.d.). Thus, service-learning is not merely engaging in community service for the sake of doing good deeds, but rather service-learning fosters active learning of course-relevant content promoting translation between classroom knowledge and community application for the greater good.

An often-overlooked key component of service-learning is reflection. Intentional critical reflection has been demonstrated as paramount for achieving learning and meaning via service-learning (see Bringle and

Hatcher, 1999; Eyler, 2002; Mabry, 1998). Such critical reflection is comprised of three processes:

1. The process by which adults question and then replace or reframe an assumption that up to that point has been uncritically accepted as representing commonsense wisdom,
2. The process through which adults take alternative perspectives on previously taken for granted ideas, actions, forms of reasoning and ideologies, and
3. The process by which adults come to recognize the hegemonic aspects of dominant cultural values. (Brookfield, 1995, p. 2)

Perhaps then not surprisingly, such reflection in service-learning has been shown to promote connection among academic and humanistic principles (Hatcher et al., 2004). Recognize that reflection explicitly includes recognition of dominant cultural values. This is crucial in cross-cultural interactions where it is all too easy to assume that one's own cultural beliefs should translate to another.

A physically small but conceptually significant component in service-learning is the hyphen. Some researchers have advocated that the hyphen in "service-learning" is integral as it stresses the equal weight of both service and learning (Jacob, 1993; Sigmon, 1994). Although there are applied learning benefits to student engagement with for-profit companies, because humanistic learning goals include issues of social justice and impact, it is recommended that service-learning should typically reside in the context of not-for-profits.

Benefits of service-learning

Early analyses of service-learning projects have indicated that such initiatives result in a number of positive humanistic outcomes for students including increased self-efficacy, personal responsibility, moral development and cultural sensitivity (for a comprehensive overview see Eyler et al., 2001). For example, students who engaged in service activities during their undergraduate schooling were more likely to volunteer after graduation (Astin et al., 1999), indicating enhanced social responsibility. Research has also demonstrated that service-learning can result in increased self-esteem and effective coping mechanisms (Eppler et al., 2011). Meta-analytic investigation exploring service-learning efficacy on a variety of success indicators demonstrated that service-learning initiatives consistently had significant positive effects for students (Conway et al., 2009). Specifically, service-learning initiatives had positive effects on academic outcomes (mean weighted $d = .43$), personal outcomes (mean weighted $d = .21$), social outcomes (mean weighted $d = .28$) and citizenship outcomes (mean weighted $d = .17$). Thus, service-learning appears well poised to teach valuable humanistic outcomes.

Service-learning in business

Service-learning initiatives in business schools are not new. Indeed, it has been almost fifteen years since a public call to action for the inclusion of service-learning in management education (Godfrey, 1999). These calls for engagement initiatives in business have not stopped (e.g., Godfrey et al., 2005; Pirson and Bloom, 2012), and in response some scholars have actively engaged in service-learning initiatives resulting in a number of positive humanistic outcomes including increased student social responsibility (e.g., Poon et al., 2011; Klink and Athaide, 2004; Pless et al., 2012), and perceptions of positive social outcomes as a result of service-learning engagement (Klink and Athaide, 2004).

Service-learning has been demonstrated as especially beneficial for developing humanistic awareness in international business contexts, even beyond the classroom. For example, Project Ulysses is an international business service-learning program administered by PricewaterhouseCoopers that has been running since 2001. In this program, industry participants work in multinational teams. Teams work full time in developing countries and partner with NGOs, social entrepreneurs or international organizations to address significant problems including poverty and health. Consistent with other service-learning initiatives, a number of humanistic outcomes have been found as a result of participation in Project Ulysses. These include participant learning of responsible mind-set, ethical literacy, cultural intelligence, global mind-set, self-development and community building (Pless et al., 2011).

Roadblocks to international service-learning efficacy

Service-learning is not on its own a solution for humanistic teaching. Indeed, early critics referred to international service-learning as “allowing relatively well-off people in this world to travel long distances to experience other people’s misery for a life-enriching experience” (Guo, 1989, p. 108). This is certainly not the intention of service-learning. As such, acknowledging and understanding roadblocks to international service-learning efficacy is central to overcoming these roadblocks to achieve successful endeavors.

A first set of roadblocks to consider, and perhaps the most important, is related to international cultural awareness. Common mistakes made by students engaging in international service-learning include the false assumptions that social issues do not exist in one’s home culture, that one has the solution to a complicated problem, and that a Western approach is best for problem solving (Grusky, 2000). One cause of assumptions such as these may be lack of instructor awareness and insight into cross-cultural issues. Indeed, some educators have cautioned that, at least within the American school system, educators are taught to be color-blind and create a tailored

one-size-fits-all approach to education. However, what is needed to promote race, culture and language diversity is explicit acknowledgment of assumptions, values and practices related to cultural issues (Cochran-Smith, 1995). Extending this to an international service-learning paradigm, faculty and students both must reflect and recognize that one carries inherent experiential biases that may block rather than facilitate positive outcomes for the host community.

A second set of roadblocks is related to faculty resistance to engage for practical reasons, despite student learning benefits. Service-learning engagement is both time and energy consuming on behalf of faculty, and this investment may not be positively evaluated in promotion and tenure decisions. Furthermore, concerns regarding feasibility, student safety, liability and lack of student interest may also hinder faculty engagement in service-learning initiatives (Kolenko et al., 1996; Butin, 2006).

A practical question, especially for tenure-track faculty, becomes: is service-learning worth it? Faculty at research institutions know all too well the realities of publish-or-perish. It may seem that investing resources in service-learning, despite humanistic benefits, is not worth the risk of poor review. To be fair – you cannot teach if you do not have a job. However, engagement in international service-learning results not only in enhanced student learning and benefits to the greater good, but it can also result in increased research opportunities for faculty, thereby significantly enhancing rather than detracting from tenure requirements. Indeed, researchers have been encouraged to view service-learning as a venue to integrate teaching and research with community engagement (Cushman, 2002; Furco, 2001), thus building on one's academic credibility in three important domains. Further, it has been argued that integrating the roles of researcher and teacher legitimizes such encounters and leads to satisfaction of student learning needs (Cushman, 2002).

Rightly so, legal and safety considerations are paramount in any university-sponsored activity. The complexity of these considerations grows when international travel is involved. Recently, resources including contracts have been made available to guide faculty with respect to such considerations, alleviating these concerns at least to some degree (Sass, 2013). It is further recommended that prior to engaging in service-learning activities, faculty consider legal, safety and travel issues and engage in due diligence. Specifically, faculty should be monitoring information from organizations such as the World Health Organization (WHO) to ensure all vaccination requirements are considered, relevant national embassies to ensure visa requirements are met and travel organizations for updated travel security information. As a reminder, researchers should also be sure to gain appropriate institutional ethical clearance prior to engaging in data collection related to service-learning projects.

The final set of roadblocks to service-learning efficacy is related to learning processes generally. Data do not always support that such engaged

learning initiatives always leads to improved academic grades (Eyler et al., 2001). The finding that such active learning initiatives do not always translate to academic grade improvement is consistent with past work in the area of discovery learning. Discovery learning is driven by student-inquiry and typically encompasses experiential learning. Researchers have demonstrated that engaging in discovery learning seems to be only successful when proper pre-experiential learning has occurred (e.g., Roblyer et al., 2006). Indeed, only when students have developed a certain level of expertise does unguided learning become effective (Kirschner et al., 2006). Therefore, active instructor participation in laying a solid foundation prior to experiential and engagement opportunities is essential for positive service-learning outcomes. The remaining sections of this chapter focus on how to overcome such learning challenges associated with service-learning while attending to cultural considerations and faculty concerns.

A multi-faceted and multi-disciplinary approach to management

At the end of the day, business is business: global humanistic principles must be taught in collaboration with economic principles, and yet these principles often conflict. The learning context becomes more complex when unfamiliar cultural implications are involved. Effectively integrating many perspectives brings challenges. Challenges include (1) developing student ability to translate knowledge among classes taught from diverse perspectives, (2) developing critical and creative thought in order to foster credible decision making, and (3) teaching students to build bridges from the classroom to a potentially unfamiliar global community. Service-learning meets these challenges, providing a venue for experiential business skill application that results in humanistic learning outcomes. However, service-learning does not function well as a stand-alone teaching model: effective service-learning requires a multi-faceted approach to learning. The next phase of this chapter focuses on *how* to achieve knowledge transfer, creative and critical thought development and bridge building through a multi-level teaching model known as the Service, Operative, and Lecture Learning (SOLL) Model.

An overview of the SOLL model

The Service, Operative, and Lecture Learning (SOLL) Model is a multi-level method of teaching that fosters credibility (i.e., trustworthiness and expertise) through explicit attention to three learning outcomes: developing transferable knowledge, creative and critical thought, and bridge building. SOLL contends that to successfully attain these outcomes learning must occur across three dimensions: the content dimension (fostered by lecture-based learning), the skill creation and development dimension (fostered by

operational learning), and the application/evaluation dimension (fostered by service-learning) (Figure 15.1).

The following sections will first overview three integral learning outcomes for international business students, followed by a flexible roadmap for outcome achievement.

Integral learning outcomes

1. *Fostering knowledge-transfer in a multi-disciplinary management program:*

Developing the ability to successfully translate knowledge between contexts is important for social scientists generally, but perhaps more so for international business students. Business is inherently multi-disciplinary, and international business adds a complex cultural layer to an already multi-faceted discipline. Professionals in this area need to understand not only economic outcomes, but also ethical and social implications associated with business management decisions (Yunus, 2008). The disciplines of economics and ethics do not always yield similar paths. Successful knowledge translation among such disciplines therefore not only requires the ability to identify such points of translation, but also requires comprehensive and integrated topic-relevant knowledge to capitalize successfully on such translational opportunities. One obvious way to promote comprehensive knowledge is by a comprehensive

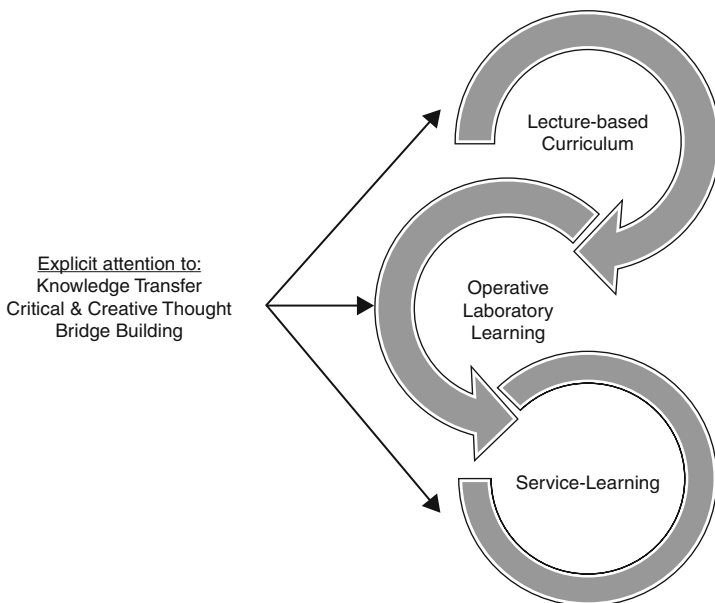


Figure 15.1 The SOLL framework for developing multi-disciplinary curriculum

course load which, in and of itself, is relatively easy to achieve. However, such an approach may be unsuccessful, resulting in fragmented learning:

From a very early age, we are taught to break apart problems, to fragment the world. This apparently makes complex tasks and subjects more manageable, but we pay a hidden, enormous price. We can no longer see the consequences of our actions; we lose our intrinsic sense of connection to a larger whole. When we try to “see the big picture,” we try to reassemble the fragments in our minds, to list and organize all the pieces. But, as physicist David Bohm says, the task is futile – similar to trying to reassemble the fragments of a broken mirror to see a true reflection. Thus, after a while we give up trying to see the whole altogether. (Senge, 1990, p. 3)

In order to prevent fragmented learning and promote transfer among disciplines, students must be encouraged to apply learning and make connections throughout the learning process with emphasis placed on context (Berryman, 1991).

2. Integration between creative and critical thinking:

In addition to comprehensive knowledge, students must learn to *think*. Critical thinking is a much-discussed skill in academics, yet definitions of critical thinking vary, and the complexity of critical thinking is often overlooked (Kennedy et al., 1991). One commonality of critical thinking definitions, however, is the ability to identify and analyze a problem so as to reason a solution (Pithers and Soden, 2000). This is certainly relevant for international business programs.

Critical thinking is often discussed in academic programs, but what is not often acknowledged is that creative thinking is also paramount in education (see Plucker et al., 2004). Creativity encompasses the ability to generate something from nothing. In a fast-paced environment, the ability to create new solutions to emerging problems and then to critically evaluate those solutions based on sound knowledge and experience is vital. Thus, the current model contends that there is a distinct need to more fluidly integrate creative and critical thinking in business schools generally so as to develop effective, evidence-based solutions based on sound knowledge and experience.

3. Building the bridge between academe and practice:

Despite academic expertise, researchers and theorists are sometimes perceived as residing in an “ivory tower,” and thus may risk perceptions of being out of touch with global community needs. Disconnect between academe and community is well reflected in the following passage:

There is a high, hard ground where practitioners can make effective use of research based theory and technique, and there is a swampy lowland

where situations are confusing “messes” incapable of technical solution. The difficulty is that the problems of the high ground, however great their technical interest, are often relatively unimportant to clients or to the larger society, while in the swamp are the problems of greatest human concern. Shall the practitioner stay on the high, hard ground where he can practice rigorously, as he understands rigor, but where he is constrained to deal with problems of relatively little social importance? Or shall he descend into the swamp where he can engage the most important and challenging problems if he is willing to forsake technical rigor? (Schön, 1983, p. 42)

Scholars in business schools must work to ensure that students are prepared to develop creative and culturally sensitive solutions to messy problems in the lowlands that are theoretically grounded.

Achieving knowledge transfer, creative and critical thinking, and bridge building via SOLL

Achieving outcomes of knowledge transfer, creative and critical thinking, and bridge building in a global context requires a multi-faceted approach to learning. SOLL contends that learning is required across three hierarchical levels to credibly achieve these goals: lecture-based learning, operative learning and service-learning.

Lecture-based learning:

Lectures remain a common teaching methodology in higher education, and for good reason. Good lectures can be inspiring (Edwards et al., 2001), challenge students to consider provocative ideas (Dolnicar, 2005), and foster discussion of current events (Dolnicar, 2005). SOLL does not throw the baby out with the bathwater: lectures allow an expert to disseminate information to a large group of people with relative ease.

Lectures provide an obvious and efficient platform for achieving base-level mastery toward knowledge transfer, creative and critical thinking, and building bridges. For example, in addition to content, lectures allow for real-time discussion of current events allowing faculty to highlight (in) consistencies among related disciplines and beliefs, facilitating translation. Instructors have the ability to encourage students to creatively generate new thoughts with respect to content, and facilitate critical evaluation of those thoughts and connections through discussion. Bridge building can be achieved by linking lecture content with both local and global community challenges and opportunities. At this level, faculty attention to creating basic-level connections between lecture material and the three outcome goals is crucial for future learning. As noted, in order to engage in subsequent successful student-inquiry based learning students must have

a comprehensive base-level understanding of relevant concepts (Kirschner et al., 2006; Roblyer et al., 2006).

Operational learning:

Once students have achieved basic level of content-knowledge and have access to relevant information (e.g., course notes, textbooks), operational learning can begin. Operational learning creates, develops and refines the specific processes and skills needed to achieve a certain outcome. Through lectures, students begin developing knowledge transfer, creative and critical thinking, and bridge building at a purely intellectual level. At this next level, students gain hands-on application experience through simulation in a safe environment where natural mistakes are relatively free from consequences. Simulations promote focus on the task at hand, student engagement in problem solving, and discovery (Hertel and Millis, 2002). In business programs, this level of skill creation and refinement is most often achieved through lab or case study settings where students can engage in simulated real-world experiences.

Although most faculty are familiar with lab-style learning, scholars have cautioned that some commonly used initiatives can fail when faculty invest more time in administrative tasks rather than probing and challenging student thoughts and skills. Furthermore, it is cautioned that skills-based assignments do not focus on paper-and-pencil activities. Instead they should involve hands-on practical skill applications (Hofstein and Lunetta, 2004). There is a need for faculty to be creative and critical themselves to develop successful, hands-on operational assignments related to specific course goals.

When creating operational assignments that require active student engagement, faculty should again focus on knowledge transfer, creative and critical thinking, and bridge building. For example, rather than critiquing a case study of an organization, an operational assignment might instead encompass the design and evaluation of a hypothetical global organization that requires comprehensive consideration of proximal and distal societal impact. Not only does such a project require knowledge translation among previously learned concepts, but it also requires students to create ideas and critically evaluate those ideas. Furthermore, with appropriate faculty encouragement and support, students will begin to self-generate “real world” proximal and distal impacts of their products, highlighting connections between coursework and the community.

In order to facilitate operative learning in simulated contexts, based on personal experience, allowing students to re-do operational assignments after receiving instructor feedback promotes both understanding of mistakes and encourages active problem-solving on behalf of the student. (Hint: If students are allowed to track-changes in an electronic document for resubmission it significantly reduces grading time.)

Some might argue that simulations are time consuming, and that students are better off immediately entering the field to learn application skills. SOLL is based on a different pedagogy. Learning involves making mistakes. To promote self-efficacy and confidence, students should have the opportunity to not only make mistakes in their application of previously learned content, but also to correct those mistakes in a context relatively free from real-world consequences. The mathematics field provides an insightful way of thinking of mistakes: errors provide a “springboard” for future inquiries (Borasi, 1994; Brown and Callahan, 1985). In addition to pedagogical reasons for preparation prior to engagement, allowing students to enter into a service-learning relationship without comprehensive preparation sets the community organization up an unfair investment exchange. It is not a host organization’s job to teach course curriculum in service-learning engagements, it is that of the instructor. The host organization provides a venue for real-world content application by novices, and thus the organization assumes risks of poor outcome achievement. Comprehensive operational learning is thus crucial for a positive service-learning exchange.

Service-learning:

With content and novice operational skills in hand, students are ready to engage in real-world skill application. As discussed, service-learning has many student benefits, but this type of learning cannot be undertaken without proper preparation. Indeed, service-learning is the culmination of learning in this model, providing students with experiential learning that has been consciously supported by previous content and operational learning.

Consistent with previous phases, service-learning provides a venue to foster the learning objectives outlined in the SOLL model. To engage in successful service-learning, students must demonstrate comprehensive knowledge of all areas related to the project. In international business programs, this includes not only economic output, but also comprehensive culture-sensitive understandings of societal impacts. As discussed, service-learning should be conducted in the realm of not-for-profits, and thus students must explicitly attend to social responsibility to prevent harm to those organizations that might most need help.

Community engagement opportunities vary greatly depending on faculty interest, connections and resources. As a result, students must engage in creative and critical thinking to identify and achieve goals related to their particular community engagement opportunity. Both faculty and students have an obligation to prove to community partners that they are credible partners in the service-learning relationship. As noted, this relationship is typically better supported when faculty research interests are related to the engagement relationship (Cushman, 2002). Consequently, faculty ideally will support students in the creative generation of project-relevant ideas and

the critical evaluation of those ideas. Responsible, course-relevant community engagement through service-learning will further highlight real-world application strengths and challenges.

Applying SOLL

When developing curriculum based on the SOLL model, instructors have a great deal of flexibility. The key components are to facilitate knowledge transfer among related disciplines, encourage creative and critical thought, and make clear connections between academics and community. This process should start in lectures, progress to skills-based assignments and culminate in service-learning engagement. At its core, SOLL is quite simple. However, applying SOLL admittedly requires instructor commitment to planning, especially in early applications. The following steps are intended to support instructors seeking to apply SOLL. The steps are intentionally left broad, allowing for course personalization.

- Step 1:* Prior to syllabus development, concretely identify the disciplines and cultural subtleties to be considered in the context of the course, and generate points of intersection.
- Step 2:* Decide an engagement opportunity that will match not only pedagogical goals, but also your research program more broadly.
- Step 3:* Decide whether travel will occur, or whether the initiative will take place via internet and other forms of distance communication. If travel will be taking place, comprehensively consider travel requirements including vaccinations, visas and insurance in addition to flights, hotels, food and extracurriculars. Obtain letters of approval from service-learning partners. Submit requests for travel approval. If service-learning is taking place at a distance, ensure early clear communication of objectives with community partners.
- Step 4:* Begin developing a course plan that culminates in your service-learning engagement. It is recommended that 1/3 of course time each week be set aside for ongoing operational skill development prior to planning your lectures. An easy way to do this is to create a lab section for your course, but dedicated classroom time will also work. Lectures should address disciplines and cultural connections identified in Step 1. Be sure to allot lecture time to review service-learning goals associated with students.
- Each week, the previously set aside 1/3 of course time should be dedicated to an in-class skills-based assignment that corresponds to the lecture content that week.
 - Identify the optimal time in your schedule for service-learning engagement to begin, ensuring that operational learning will be completed prior to the engagement.

- Step 5:* Develop an assignment guide that outlines both operational learning tasks, and concrete steps for the service-learning project (see a sample for a visual merchandising class in Norris, 2013). This guide should be available for students with their syllabus.
- Design assignments that will facilitate knowledge translation, creative and critical thinking and bridge building concurrent with relevant lecture content. These assignments should start out at an appropriate difficulty level so that students gain confidence in hands-on application, with difficulty level progressing with the lecture content.
 - Ensure reflection is included in your assignments.
- Step 6:* If you are planning to engage in research or data collection, ensure you have Internal Review Board (IRB) clearance for your project.
- Step 7:* Ensure community partners are aware of the course layout and when to expect contact from students, which typically happens later in the term after operational learning has been completed. Also ensure community partners have instructor contact information should concerns arise.
- Step 8:* When the course begins, assign student engagement roles. Students may participate in engagement as a class, as teams or individually – it is up to the instructor. Be mindful of instructor resources – the more engagement interactions, the more instructor investment.
- Step 9:* Begin teaching! Ensure that the instructor or a teaching assistant is present for operational learning sessions to provide active student support.
- Step 10:* Engage in reflection yourself throughout this process to inform future courses and promote professional and personal development.

Conclusions

Higher education has the ability to foster social responsibility, and has publicly been called to address issues including justice and dignity. Business schools face inherent tensions in promoting social issues while at the same time maximizing economic output. The current work recognizes that sometimes humanistic and economic goals will conflict and that navigating these conflicts in international contexts is especially challenging. It is only through conscientious teaching of all relevant zeitgeists that students will learn to make credible international business management decisions.

Providing comprehensive education necessitates faculty attention to knowledge transfer, critical and creative thinking, and building bridges in the community. Achieving these outcomes is best achieved through a multi-method teaching approach including lectures, skills-based assignments and service-learning. International service-learning is associated with many humanistic learning outcomes, but successful service-learning is also

associated with costs for faculty. Through integrating international service-learning projects with faculty research programs these costs are minimized.

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16

Supporting Humanism in the Development of Globally Oriented Managers

Susan Swayze and James R. Calvin

Introduction

For more than two decades the Johns Hopkins Carey Business School Leadership Development Program for Minority Managers (hereafter referred to as “LDP”) served as both a professional and personal development opportunity for more than 600 early to mid-level managers who are either members of U.S. minority groups or are born outside of the United States. LDP is powered by dynamic faculty members, an exemplary board of innovative business leaders and routine participant feedback during the program, at exit, and post-program as well as faculty and employer feedback measures. The inception of the program as well as the evaluative studies and breadth of feedback distinguish LDP from other programs that are developed and evaluated within the walls of academe alone. Further, the LDP curriculum sets the program apart from other executive programs; seminars on the topics of integrity, negotiation and communication as well as the applied cohort project complement the skill-based, traditional business courses. Humanism is the underlying core of LDP – it is what the program was founded on in 1990.

An inclusive leadership development program

Dean Emeritus Stanley Gabor and the founding LDP director Carole Lyles developed LDP over a two-year consultative process that included significant contributions from business, government and diverse community leaders. The Abel Foundation of Baltimore provided the initial funding for LDP. The conceptual framework for LDP drew on the leadership development work of James McGregor Burns (1978) and the seminal delineation of transformational and transactional leadership concepts. Next, the work of Dickens and Dickens (1991) and Thomas and Gabarro (1999) provided significant scaffolding for the LDP model. The LDP model continued forward with additions and refinements, in particular the work of Bernard Bass (1999, p. 11)

states that the transformational leader moves others from self-interests and "... elevates the follower's level of maturity and ideals as well as concerns for achievement, self-actualization, and the well-being of others, the organization, and society." Kouzes and Posner's (1997) leadership development self-constructive principles of modeling as the way to clarify one's values, setting examples through reflection and action, imagining possibilities and enlisting others toward common ideals at organization and community levels shaped the program in its infancy, and March and Weil's (2005) perspective that managers and leaders draw "balance and sustenance" from their private lives. The members of LDP are propelled by the four drives described by Pirson and Lawrence (2010) – drive to comprehend, drive to bond, drive to acquire and drive to defend – as they endeavor to strengthen the knowledge, skills and abilities required in the ever-changing international business environment. LDP became an inclusive management learning culture by developing and extending a perspective of broadened culture contextually. The idea was to break the frame associated with the U.S. centric approach (Jack, Calas, Nkomo & Peltonen 2008) and to engage LDP's diverse audience by focusing learning toward international management.

From its inception, LDP's curricular approach was to promote active participant involvement, deliver highly functional and interactive state-of-the-art knowledge and learning, and to spur career advancement for its minority and international participants through active engagement as well as to initiate economic development in the Baltimore-Washington region through small business development facilitated by connecting program participants to leaders who live and work in the communities surrounding Johns Hopkins University. As LDP evolved over time, the influence of Burns (1978, p. 3) as he states that the "effectiveness of leaders must be judged not by their press clippings but by actual social change measured by intent and by the satisfaction of human needs and expectations" and the Bennis and Nanus (1997, p. ix) assertion that "leadership is about character" and that "Character is a continuously evolving thing" became more evident as the LDP curriculum and program experiences were refined to include seminars on integrity, negotiations and policy – all of which were taught through applications to organizations, the community and global business. That is, as the nation and the academy expanded its reach internationally, LDP followed suit by expanding program activities from a focus on regional and local businesses to connect more with the global community in activities and business acumen because as Pirson, Von Kimakowitz, Spitzack, Amann and Khan (2009, p. 7) state "... a globally inter-linked economy needs a globally accepted framework [in order to] fully reap the benefits that can arise from it." The composition of successive LDP cohorts further diversified with twenty-five percent to thirty-three percent of each cohort consisting of individuals born outside of the United States. The viewpoint of transformational leadership development established by LDP at inception was to recognize discourse

and inquiry as mentioned by Westwood (2006) regarding post-colonial ideas and ideals. The significance of globalization and the skill needs of managers whose future work would involve increasingly non-western cultures was a focal point in LDP.

The LDP experience is a ten-month transformational journey that has graduate business coursework at its base. Courses such as Statistics, Finance and Leadership, are taught to the LDP participants as a cohort. Program participants earn graduate course credit that can be transferred to one of the Carey Business School masters programs. LDP also provides topical seminars in which students integrate the business coursework. The integrated seminar topics include integrity, negotiations and public policy. By participating in such seminars, LDP participants apply the knowledge, skills and abilities gained through coursework and faculty and peer feedback to actual workplace situations. Further, by implementing a cohort project, LDP participants are able to capitalize on the knowledge, skills and abilities and applications and synthesize these educational components into a shared humanistic endeavor in line with principles emerging from the 50+20 management education for the world approach and process.

Humanism as defined by Pirson et al. (2009, p. 7) as a "... philosophy, an approach to life, and a movement that focuses on creating a human-centered, value-oriented society" is at the core of LDP. Humanism assumes that "human nature is not entirely a given" and that it "can be refined, through education and learning" (Pirson & Lawrence 2010, p. 6). LDP is one such opportunity for refinement – the program is human-centered as it seeks to transform participants from employees focused on increasing the organization's financial gains as well as their own to members of a global community to work on behalf of themselves, their organization, as well as their local and global communities. Moreover LDP, which consists of international participants and U.S. minority group members, is aligned with the inclusiveness of humanism given the universality of its outreach – "it attributes unalienable rights to everybody, independent from ethnicity, nationality, social status or gender" (Pirson & Lawrence 2010, p. 6). Anecdotal evidence from LDP participants suggests that through the program they seek deeper meaning in their work – they want it to "mean something." This intrinsic motivation to serve others or the larger community again aligns with the core principles and philosophy of humanism. Humanism has at its core a focus on "human dignity" as discussed by Pirson (2013, p. 3) who states, "... there are key elements of human nature that seem eternally relevant: the notion of shared vulnerability, the social and embedded nature of human existence, intelligence and creativity and the ability to transform oneself, others and the environment. These aspects have been constitutive of the notion of dignity." These same elements align with the seminars provided by LDP – especially the integrity learning experience that is the foundation of the cohort experience. Through the cross-cultural communication role

playing that is essential to the integrity work, LDP participants develop a shared understanding and guiding principles through which they learn and negotiate cross-cultural bridges to new positions of understanding within and beyond the cohort community. The authors see a further connection to the implication of postcolonial studies for examination and expansion of the study of international management as expressed by Banu Özkazanç-Pan (2008) as he considers semiotic and material effects of western colonial encounters with the rest of the world. LDP throughout the formal program sought to engage residues of western colonialization in a fast-changing world.

LDP provides through the ELLA (Exemplary Leadership Achievement in Corporate Community Involvement) Awards project, a higher-order learning experience. One such learning experience is the ELLA Awards project that utilized criteria and process innovation developed by the LDP participants who were quite diverse in terms of ethnicity and nationality. As Pirson et al. (2009, p. 7) state, "... a globally inter-linked economy needs a globally accepted framework if we want to fully reap the benefits that can arise from it. To achieve global acceptance this framework cannot be based on only one people's culture, religion, or regional character. The framework must have an ethical basis rooted in humanity itself to appeal to everyone, everywhere." A unique aspect of LDP is the applied nature of the program where program participants apply newly acquired transcultural knowledge in an integrated and guided project. One such project is the ELLA Awards verification process that was an opportunity for a cohort of LDP participants to apply the globally accepted core principles and philosophy of humanism. The ELLA project provided an opportunity for the LDP participants to collaborate on a project that balances the interests of themselves and the people around them (Pirson & Turnbull 2010). By integrating business coursework in the seminars focused on the development of global leadership skills, students in the LDP develop a deeper international skill set than by coursework alone. Further, by implementing an applied cohort project with humanism at its core, participants are transformed from recipients of knowledge to active participants in an endeavor that exemplifies humanism.

A cohort project grounded in humanism

In 2010, the ELLA Awards verification process and linkage with Urbanomics, Inc. a Washington, D.C. firm yielded first results – this began to meet the objective of Urbanomics, Inc. whose products include community partnerships, corporate/community involvement strategies and programs, and the development of media campaigns around economic, education and social issues in emerging domestic markets (EDMs). In brief, the range of markets include: urban and rural communities, ethnic and women-owned firms, companies serving low-to-moderate income populations, and other

small and medium sized businesses. An important driving factor of the ELLA Awards verification process is the rapidly changing dynamic growth of minority populations in the United States with projections of the U.S. becoming a minority-majority country by the year 2050. As such, the ELLA and Johns Hopkins Carey Leadership Development Program academic practice partnership became a focal point of curriculum enhancement and synthesis by enabling the application, connecting and translating of conceptual and analytical skills taught and experienced in LDP. The integrated graduate business courses are financial accounting and leading in organizations, marketing, business communications, finance and capital markets, and statistics.

Specifically, LDP and ELLA is about corporate social responsibility (CSR) under the rubric of what ELLA nominated corporations declare or state is real and measurable investment in communities where they engage in business and through the partnership a framework was developed and implemented as the ELLA Awards verification process. In a strengths-based manner and approach two ELLA review process teams are formed (between six and eight members per team) annually to review and assess data provided by Urbanomics, Inc. about eight nominated companies (two companies per award category). The assessment involves organizational communications, company IRS 990 filings, select proprietary CSR investment information in five weighted matrixed areas, and the teams also conduct real-time interviews with corporate officers and other individuals to further verify CSR-related community engagement and involvement. Moreover, the analysis is applied in four national ELLA Awards categories: Health & Wellness Leadership, Educational Attainment and Excellence, Wealth and Enterprise Creation, Community Engagement & Development. The final product assembled by a respective ELLA team becomes a structured analysis and presentation that includes a substantiated recommendation to the ELLA Board of Directors to confirm or deny making an ELLA Award. ELLA awards have been recommended and confirmed for companies and their foundations including AETNA, GAP, Inc., The Prudential Foundation, The UPS Foundation, Verizon and Walmart. While the aforementioned companies are based in the United States, they are global organizations that employ and sell to members of diverse national and international communities. The ELLA Awards focused on the efficacy of these corporations – how they engage and return value to the communities that they serve.

In summary, the ELLA Awards and LDP is a partnership that provided graduate business students a unique opportunity for real-time study and assessment of emerging domestic markets' business practices of major Fortune 500 companies, as organizations that seek to leverage ongoing, sustainable EDM opportunity in minority communities in America with potential business education ramifications for the larger world.

Describing measures of a continually moving target

LDP, like similar programs, has to respond to challenges inherent in a reflexive theoretical conversation as discussed by Jack, Calás, Nkomo and Peltonen (2008) where the authors provide a clear consideration for the methodological issue of circular relationships between cause and effect and unintended prediction bias: What we claim to know about organizational life? How do we claim to know it? Whose knowledge do we represent? For what purposes? And with what effects? Moreover researchers have expressed concern regarding implications related to postcolonial studies (Ozkazanc-Pan 2008). Furthermore, there is the critical need to examine the world view as presented in international management as to what constitutes legitimate managerial knowledge or stated another way, considering what the non-west contributes to western systems of knowledge (Bhabha 1990; Said 1993; Spivak 1988). To that end, the LDP curriculum, student experiences, as well as student outcomes associated with LDP are routinely and thoroughly evaluated.

LDP participants are a critical component of the evaluation cycle; the diversity of the LDP participants provides a much-needed contribution to the conversation about the legitimacy of the world view LDP is projecting. Also, the program participants provide a real time reality check in response to discussions of leadership and management of U.S. minority and international employees. Ozkazanc-Pan (2008) and Spivak (1988) suggest that such perspectives are limited however due to the reality that these conversations are happening on U.S. soil in an academic environment. Such limitations support the decision to include numerous and varied perspectives and data points in the continual evaluation and enhancement of the program.

LDP is evaluated and enhanced utilizing current faculty feedback, receiving faculty (typically masters degree program professors) feedback, employer feedback, program participant feedback, advisory board insights, and educational and job successes of graduates. These feedback mechanisms are complemented by surveys that are completed by program participants at the beginning of the LDP and ten months later at program completion. Thus, one might consider the evaluation of LDP to be an ongoing conversation among program stakeholders.

In our research that is focused on the development of globally minded managers, the connective threads are two decades of leadership development instruction that introduces and supports the leader behaviors of authenticity, creative leadership, character, balance and sustenance, inspiration, engagement and identified passion. These behaviors span the leadership development spectrum and include individual and relational leadership, intrapersonal and interpersonal competence, and skills related to business acumen coursework as well as skills related to self and social awareness. Taken together these behaviors and manifestations are psychological

capital gained through reflective leadership skills and reflective practices that equip minority managers who are identified and recognized as a LDP-prepared, value-centered person who will consider his or her organization, family and community, and also the larger global society.

But how does one evaluate the effectiveness of the humanistic approach to graduate business education? What frameworks can be applied to the LDP to substantiate or disconfirm the anecdotal evidence that the wide-ranging, ten-month program is impactful? One avenue of inquiry was in the area of psychological capital as defined by Luthans, Youssef & Avolio (2007, p. 3) as: "An individual's positive psychological state of development that is characterized by: 1) having confidence (self-efficacy) to take on and put in the necessary effort to succeed at challenging tasks; 2) making a positive attribution (optimism) about succeeding now and in the future; 3) persevering towards goals and, when necessary, redirecting paths to goals (hope) in order to succeed; and 4) when beset by problems and adversity, sustaining and bouncing back and even beyond (resiliency) to attain success." These areas are associated with the transformative nature of the LDP experience. Anecdotally, there is evidence that LDP students enroll in the program to make a change – whether it is a career change or a life change. Anecdotally we have observed such changes in individuals. What about students as a whole? Is there widespread change or do the anecdotes indicate only isolated stories?

To evaluate psychological capital, a fifty-seven Likert-type item survey instrument was created. The survey included two psychometrically validated instruments – Steger's Meaning in Life questionnaire and Snyder's Hope measure. Both instruments were adapted to fit the larger survey instrument that included locally developed measures of integrity and ownership (that were piloted as part of this evaluation) as well as demographic questions and five open-ended survey questions. The Meaning in Life Questionnaire (Steger et al. 2006) consists of two scales, presence of meaning in life (seventeen items) and search for meaning in life (ten items). The instrument was used with permission and contains items related to one's perceptions of meaningful work and meaning in life. Example items include:

I have found a meaningful career.
I am striving to find work that will be meaningful.
I understand my life's meaning.
My life has a clear sense of purpose.

The Adult Hope Scale (Snyder et al. 1991) consists of eight items and is an open source instrument available for public use free of charge. The Hope scale contains items related to one's hopefulness. Example items include:

I energetically pursue my goals.
I've been pretty successful in life.

The survey respondents were asked to rank each item on a 5-point scale ranging from “strongly disagree” to “strongly agree” with a neutral point entitled “neither disagree nor agree.” [Note: although the Hope and Meaning in Life scales were created as 7-point Likert-type surveys, they were administered using a 5-point Likert-type scale for comparability with the three additional scales.] The survey was administered twice to two successive LDP cohorts – once during the first program weekend in the fall and again during the last cohort weekend in the spring. All members of both cohorts completed the surveys – for a total of forty-nine survey responses.

The survey respondents were quite diverse demographically – 26 percent of the respondents were born outside of the United States in countries including Columbia, Vietnam, Namibia, Barbados and Ghana – the majority (74 percent) self-identified as members of U.S. minority groups including Latino (14 percent), Asian American (6 percent) and African American (~50 percent). The large majority of the survey respondents (77 percent) were 25–40 inclusive. The remaining 10 percent were between the ages of 22–24 and the 12 percent aged 41–55. The survey respondents were almost even in terms of gender – 53 percent female and 47 percent male.

The Adult Hope scale was included as part of this survey effort to capture a hypothesized increase in hopefulness due to the LDP experience. The analyses showed that the LDP students entered the program with high hopes (all items averaged in the 4.00–4.41 range) so there was little room for large increases on the hope items. The post-survey hope items averaged in the 4.08–4.47 range. Thus the LDP students began the program hopeful and ended the program slightly more hopeful. Only the item, “My past experiences have prepared me well for my future.” showed a statistically significant increase $t(2.089, 48, .042)$ where the pre-LDP average was 4.16 and post-LDP average was 4.45. Program participants felt more prepared for their future after the LDP experience.

The Presence of Meaning in Life items showed a different pattern of responses. On average the scores at entry to the LDP program were in the neutral 3 to 4 range. It is this lack of presence of meaningful work that likely led the students to participate in LDP. The average post-survey scores were also in the 3 to 4 range indicating a modest, not significant, gain in the presence of meaningful work. This finding supports program findings that most students change their jobs or careers after the LDP experience and many students pursue graduate degrees in business as a foundation for a later job or career change. Ercolano (2011) reported that in any given year, twenty-five percent of LDP participants received promotions. LDP has also contributed to the diversification of the graduate business degree holders – fifty-five percent of LDP participants completed a Masters program within the Carey Business School at the Johns Hopkins University (Ercolano 2011). Further, every cohort has produced career leapers – individuals that not only moved up one level but two or even three levels shortly after completing LDP.

The Search for Meaning in Life items indicate that LDP students reported lower ratings on the search items at the end of their LDP experience. One item, "I am searching for meaning in my life." revealed a statistically significant decrease $t(2.429, 48, .019)$ with pre-LDP scores averaging 3.51 and post-LDP averaging 2.98. This finding may suggest that students may have found their meaning in life during the program and are thus searching less in this regard.

Responses to the open-ended questions yielded varied and insightful quotes. Themes and representative quotes are included below. In response to the question, "What did you gain from the LDP experience?" yielded varied and insightful quotes. The emerging themes included the development of a global perspective:

- The world and global approach
- LDP has shown me that I can make more of a difference, even globally, and personal development
- I gained a better sense of self and great long lasting relationships
- I gained self-awareness, lifelong networks and a lab to try out new things
- I changed from who I was, and am moving more toward who I really want to be
- More self-esteem to take on the world and succeed

The focus on others surfaced in response to the open-ended questions, "How did the LDP experience impact your view of work?" and "How did the LDP experience impact your view of yourself?".

- LDP has shown me that I can make more of a difference, even globally
- It reminded me of why I work so hard (to improve those around me as much as myself)

In response to the open-ended question, "What behaviors do you expect to change due to the LDP experience?" program participants indicated changes that would shape their work/work environment:

- My sense of loyalty and integrity! I am committed to excellence now
- My professionalism, purpose. I now want a new career path
- I expect to design a more purposeful work environment

Overall, the open-ended questions provided context to the psychological capital measures and illustrate the personal transformations that occurred over the course of the program year. The data analysis offers an overview and perspective on how the LDP model and approach is meeting, or can meet, both individual and group aspirations and expectations toward leadership and business skills acquisition. Furthermore, the analysis and

distillation of data offers insights that are useful in strengthening how LDP delivers its humanistic approach to graduate business education.

Conclusion

The late Peter F. Drucker (1999) wrote about the need for knowledge-oriented workers and the pivotal role that “knowledge workers” would play globally as societies sought to expand while business and community interactions in the thirty years prior to the new millennium of the year 2000, and the authors while supporting the Drucker view also assert that globally skilled knowledge workers will be needed for future reinvention and innovation. As such, LDP continues to provide sound development for participants by cultivating leaders and managers who are members of U.S. minority groups, or internationally born, who by their enhanced capacity can be recognized as persons who:

- Act with integrity, value all people
- Communicate effectively with diverse cultures across a global environment
- Manage and assess personal learning responsibility
- Engage and adopt world-class leadership, organizational behavior and global business practices to find and apply solutions that appear to hold promise for sustainability
- Establish a network and build on emerging domestic market relationships and partnerships with urban communities

In the implementation of LDP, we find that although the program stakeholders – students, faculty, advisory board, business and community leaders – are diverse in terms of race and nationality, the LDP curriculum was created and is evaluated and enhanced based on predominantly western ideas. This creates a challenge in implementing a holistic humanistic design for all program participants, especially those who come from differing cultures. On average we find that LDP is transformative in nature but how effective it is for the various groups is currently unclear. Through our evaluative measures we have a better understanding of how effective LDP is in terms of it being a transformative personal and professional experience. But given that LDP participants are predominantly U.S.-born minorities (with the largest minority group being African American), it is unwise to generalize quantitative findings to program participants who were born outside of the United States. It can be said that this is a question of feasibility – LDP has worked for students from varying cultures and countries but has its outcomes been felt equally, or at least similarly, by all? More research is needed in terms of the transmission of knowledge to varying cultures because the terminology itself has a western bias and can be interpreted differentially by program participants based on their country of origin or cultural perceptions and experiences. Also, more research should be conducted regarding how LDP

core concepts such as integrity and personal learning responsibility are implemented in organizations abroad. This study provides a baseline from which to launch further discussion and research. The program is presented here to illustrate how one long-standing globally focused educational program built upon humanism was created and is implemented and enhanced through evaluative measures for improvement and further adaptation.

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17

Managerial Anthropology: A Humanistic Approach to Management Studies

Kemi Ogunyemi

Introduction

This chapter aims to show the relevance of managerial anthropology as a foundational module for management education today. This objective is achieved by explaining and commenting on a course outline that has been used to teach it for years, and by presenting evidence from four different years which illustrates the impact of the course on the students.

A managerial anthropology course, titled “Nature of Human Beings,” has been taught at the Lagos Business School, Lagos, Nigeria, for over half a decade as part of a brush-up program for new MBA students.¹ It has great impact on the incoming students each year, changing their orientation toward the meaning of business and of profit-making and influencing their attitudes toward fellow humans and future career goals.

Virtue ethics is the primary foundation for the course though, as happens with many ethics education initiatives, a number of principles of duty, rights and care also find resonance with its content. Virtue ethics is inevitably linked with humanistic management once one goes beyond the consideration of the instrumental value of the latter already envisioned by some of its early proponents (Daley, 1986; Swart, 1973). As Melé (2003, p. 79) says, humanistic management is “a management that emphasizes the human condition and is oriented to the development of human virtue, in all its forms, to its fullest extent.” It is also clear that acting rightly actually ends up giving the best results both for the actors and for the global village in which they live.

The chapter shares with readers evidence of how helpful it is to provide future managers with a basic understanding of human nature and a reason to look beyond financial considerations in running or working in a business. It is hoped that more business schools may establish similar modules within their curriculum to prepare graduates who can practice humanistic management because they see the world through eyes freed from purely economic blinkers.

The chapter concludes by emphasizing that knowledge of managerial anthropology constitutes a useful transformational tool to prepare future

business leaders. It will help them to have humanistic approaches to management and to respect the common good as they carry out their business activities within their immediate environment and internationally.

The nature of human beings: *raison d'être* and objectives of the course

According to Adler (1983),

The corporate world is becoming more and more interrelated – more and more international. Improvements in transportation and communication and lower production costs abroad have made global markets more accessible. Even United States-based firms, with their immediate access to extensive domestic markets, have steadily increased the proportion of their foreign to total operations. ... major economic indicators of internationalization (including foreign direct investment, international sales, and profits earned overseas) have been steadily increasing. Increased multinational operations mean increased multiculturalism within the organization increased interaction between employees and managers of different cultures. Increased multiculturalism calls for new strategies for organizations. (p. 226)

New strategies for organizations will include new strategies for developing and managing human capital. In looking toward establishing a responsible organization, the focus would be what new needs are required not only with regard to developing technical management expertise, but also with regard to maintaining an environment conducive to human flourishing.

In order to optimally play one's role within an organization or to begin to comprehend organizational behavior, one needs to first understand what a person is. To grasp the notion of responsibility, whether personal or corporate, one requires an understanding of the power of choice and free will. These topics are foundational for understanding how business ought to operate in human society. They are therefore essential for business students. In any case they will answer them in their actions. From reviewing the way business has been done for a long time using the "*homo economicus*" paradigm (Melé, Argandoña & Sanchez-Runde, 2011), it is clear that the implicit answers given about what a person is and what responsibility a person has to others and to the planet have often been wrong. The world is now global and therefore the effects – beneficial or harmful-of people's choices have far-reaching effects and international repercussions.

Examples of such implicit (and wrong) answers to questions regarding humanism and the human habitat include the following:

The human being is a thing: The company (actually the people who run it – managers and business leaders – since the company itself is inanimate

and cannot act) owns the people as property, as assets. Management is “unaware” that people have emotions and feelings or that they deserve respect for their being and for their opinions, preferences, etc.

The human being is a tool: The company devises ways to use people. There is little or no concern for their well-being except insofar as it keeps the tool in good condition to continue benefitting the company.

Profit is king: People are seen as resources like any other and are to be used to achieve profit, regardless of the cost to themselves, to their families or to society.

The end justifies the means: So long as the bottom line grows and the numbers go up, it does not matter the means that are used to achieve this growth or the harm that is caused to people and the planet in the process. The important thing is to achieve the end: often shareholder value maximization. The other stakeholders are just means.

These examples – played out in stories of mismanagement and scandal over the years and with far reaching effects beyond national boundaries – are an indication that it is crucial to foster an accurate view of human nature in future managers and business leaders. They will be confronted by managerial situations in which the decisions and choices they will make will impact the people around them, their organizations, their own lives, their societies and the world.

At the outset of the managerial anthropology course, most of the participants cannot imagine what there is for them to learn about human nature. They, as may be expected, believe that they know it all from their personal and vicarious experience as humans. However true this may be for some individual person somewhere, the fact is that those who go through the course are at the end astonished at the amount of knowledge they did not have, the things they took for granted, the diversity in perception and life-views of the people around them, and various other discoveries about how to maximize the quality of their lives. They each build on their previous knowledge and discover new panoramas that enable them to see their whole lives more clearly and possess it more fully. They are also better to relate to others and to see how their choices intertwine. They understand freedom and responsibility in a profound way. In this way, they lay good foundations for their future careers within organizations and are better equipped to make responsible decisions.

The economic man

In most business schools, the accepted model of the human being for teaching economics and business disciplines has long been flawed due to its excessive narrowness (Melé, 2009). Its theories of rationality and utility maximization adopted a reductionist view of human nature (Melé et al., 2011). The dangers of this were not immediately apparent since the theories do have some limited validity in the science of management. It has taken

years of following this style to finally realize that the results of doing so are often antithetical to the common good – a get-rich-at-all-costs mentality cum worship-the-bottom-line approach to running a business has caused many to cast aside ethical and social considerations (Melé et al., 2011). At times they have justified this by claiming that such values do not apply in the business space. Taking refuge in the prevalent economic paradigm, they find it easy to rationalize their actions and disown responsibility for their actions. They do not see human beings around them or see their organizations as existing to serve humanity but rather to maximize utility for themselves personally. Hence, they tend easily to use people and to abuse their dignity. And they find it just as easy to trash the planet.

A distorted vision of what a human being is gives rise to a lack of humanistic management orientation. This shows in many ways. With regard to employees, treating them contrary to human dignity, frustrating their flourishing, and disrespecting them are some of these manifestations. These could easily result in staff apathy, bad communication, lack of understanding of the organization's goals, feeling mistrusted, distrust, internal politicking, disloyalty, etc. Consequently, the organization could suffer low productivity, low engagement, low commitment, lack of innovation, poor customer service, high costs, high turnover and so on. All these could be minimized simply by treating the employees as human beings – respecting their dignity and promoting their human flourishing. This is the way to work responsibly with people. Specifically, in international business, particular importance must be given to understanding the cultural contexts of the people among or with whom one works – be it suppliers, staff, investors or customers. Also, the organization's special demands on expatriates sent on international assignments (Lazarova, Westman & Shaffer, 2010) are an additional reason to take extra care to ensure that these people have a balanced understanding of self and of others – they do not need any extra stress in the process of settling down in a new country and often new culture.

Another sign of a deficient humanistic management orientation is the now prevalent cheating culture that has developed over time (Crittenden, Hanna & Peterson, 2009). Because they will increasingly meet corruption and ethical dilemmas everywhere, albeit in different forms, (Hurn, 2008; Kolk & Van Tulder, 2004; Rodriguez, Uhlenbruck & Eden, 2005) tomorrow's managers need to grow the ethical sensitivity and moral courage to make the right decisions (Hurn, 2008). "Established institutions and procedures of governance" (Scherer & Palazzo, 2007, p. 1096) have become inadequate guidelines in a globalized business world; hence the greater need for the person himself or herself to be able to reach within to find the reason(s) for acting ethically and responsibly.

These points highlight the need for a more humanistic and holistic model of what the human being is in managerial and business education (Melé et al., 2011). One of the advantages of the managerial anthropology course is that it provides this richer and in-depth insight into human nature and

therefore prepares the managers who take the course with an antidote to the side effects of much of the other economic theory to which they are exposed. Through the sessions and related activities, they gain a more complete and realistic knowledge of people and society and are better prepared to take on the responsibility to build sustainable businesses that respect humanity and are communities of persons (Melé, 2003).

The basic ideas taught in managerial anthropology are human dignity and the importance of human development and flourishing. The main concepts underlying these are in consonance with the understanding of man in the major religions of the world. This is not surprising, since the recognition of a spiritual dimension in human beings lends itself to a deep conviction that human dignity must be preserved and human flourishing promoted.

The course outline

The program is currently unavailable at most other business schools, as shown in the appended table; this is an educational gap which needs to be addressed. If managers are not called to reflect on the importance of humanistic management while they are being prepared for their future roles, then the core premises of humanistic management, the universal protection of dignity and the promotion of well-being, may be at stake in the corporations they eventually work for.

In the Lagos Business School, the course is designed to achieve one overarching goal that is derived from the School's mission: to build responsible leaders who will run more sustainable businesses in Nigeria and Africa.² This can be broken down into three sub-goals for this particular course. These are:

- To provide students with “a more realistic and complete understanding of human nature” in order to “inoculate them against the harmful effects” of the model of human beings taken for granted in economics (Elegido, 2006).
- To foster respect for human dignity as a foundation for management thought and practice” (Elegido, 2006).
- To develop their capacity to understand, manage and lead themselves and others.

Thus, the learning objectives for the course on the Nature of Human Beings can be stated as follows:

Students shall:

1. Increase their knowledge of human nature
2. Enhance their capacity for reflection
3. Understand the concept of freedom
4. Increase their emotional intelligence
5. Increase their sensitivity to others and appreciate diversity

Table 17.1 The design of the managerial anthropology course**Overarching goal**

To build responsible leaders who will run more sustainable businesses

Educational goals

Inoculation against the emphasis on profit-making in the coming months of the MBA
Appreciation for human dignity and respect for others as foundational for managers
Requisite preparation to understand, manage and lead self and others

Desired educational outcomes

Intellectual competencies	Moral competencies	Social competencies
Increased knowledge of human nature	Acknowledgment of responsibility for actions	Increased emotional intelligence
Enhanced capacity for reflection	Understanding of the process of self-development	Enhanced sensitivity to the other
Ability to differentiate extrinsic and non-extrinsic goods	Understanding of the concept of freedom	Appreciation for diversity

Source: Adapted from the framework for course design developed by Oliver Laasch, Manchester Business School

6. Take responsibility for their actions

7. Understand the process of human development

These are categorized below into three types of competencies that can be later checked against the learning outcomes of the course as self-reported by the students. Table 17.1 depicts the breakdown of the goals of the course within the design of the program.

The course can be divided in nine major topics which could be further broken down to suit the audience. These are: an introduction; senses, instincts, emotions and temperaments; intellectual knowing and willing; the unity of the human being; uniqueness and diversity, humans as social beings; freedom; human development; and human fulfillment. The concepts of uniqueness and diversity are interwoven through these topics. Though it can be taught in twelve to eighteen sessions, the more time is allocated, the more effective the program will be.

By the end of the course, participants are usually several notches higher in their:

- Respect for human dignity and freedom
- Ethical standards
- Emotional intelligence
- Readiness to look for the best in everyone
- Listening and respectful communication skills
- Commitment to the common good

These are all attributes that are highly desirable in employees in any business, and make it easier to engage in international business. The responsibilities of a manager – decision-making, conflict-solving, motivating staff, etc. – cut across cultures. Those operating in this space need to understand their own and others' instincts and emotions and how these interact with personal intellectual knowledge and will. They need to understand how to consciously build virtues, make good choices and handle commitment. They must have the right foundations for relating with people and, given the growing importance of cross cultural management and interpersonal skills in international businesses and joint ventures (Adler, 1983; Özkazanç-Pan, 2008; Shenkar & Zeira, 1987), they must be able to perceive and respect human dignity in every cultural context in which they find themselves.

Evidence of the course's impact: sixteen narratives over four years

The narratives were each person's expression, as a reflective statement, on the impact of the course. They were all very interesting and enlightening. Table 17.2 shows the points emphasized in the narrative with an "X." The lack of emphasis for some does not mean that those learning goals were not achieved for the student in question, but rather that he or she chose what to emphasize or not.

Comments on the narratives

Before ... I was an individual who cared more about getting things done my way and not caring to listen to other people's views. I saw individuals who would work under me as mere worker or would I say tools to help my organization grow. The emotions of people around me didn't really matter to me ... This behaviour of mine has over the years put me in a conflict situation with people around me.

The attitude described above represents the place from where most of the class was coming from. Over the period of the course, they noticeably changed, and the change is what is captured in their narratives. Some quotations from the narratives are included below.

The intellectual competencies: The increase in knowledge of human nature and greater capacity to reflect is shown in each student's narrative. One of them states categorically that she had never before thought about these things. Another says: "I can honestly say that I understand better the nature of human beings. I know that when I come across economic models that assume that all humans will act in a certain way; I will accept such models for the purpose of making valid predictions. I will also keep in mind that man is emotional as well as rational and therefore may not behave as

we expect." Almost all of them comment on being able to appreciate the importance of intrinsic goods to fulfillment in life while maintaining a healthy respect for money and other extrinsic goods – "I have also wanted to get a high paying job, regardless of what I will be doing, whether I would enjoy the job or working with my colleagues. Now, I am of a second opinion." Participants generally become interested "... to work in ways that create value for money and quality service for customers and not just look out for our own good (making profit), thus looking out for others and not just remaining focused on oneself."

Moral competencies: A number of comments show that the students have a clearer understanding of what freedom means and its characteristics – including that it comes with responsibility, that it is constrained, e.g., by others' freedom, and that it should be respected in every human being. They can see that it is important to develop one's personality and character and that choices have consequences that the person making them is responsible for – "my actions and choices shape my character;" "Though I am free, I still have a direct responsibility to my environment and everything in it." As one of them puts it: "my choices and 'the expression of my freedom' should be such that will add value to my surroundings." Those who attend the course often emerge empowered to guide their own self-development: "This course has however been able to coach me towards being able to train my character and personality;" "the most important thing I have learnt in this course is that my emotions can be educated. It is a totally new concept to me;" "... to take our destinies in our hands and direct the courses of our own lives. ... I should never take people for granted ... but to respect each individual regardless of their social status in life, educational level, religious beliefs, tribe and race."

Social competencies: "I find that I am now interested in understanding ... different people." By the end of the course, all participants have a heightened awareness of others' right to be different and are more sensitive to their emotions and opinions. They also are more interested in helping others and accept that this is a responsibility as well as a potential source of fulfillment. Thus for example: "Life, as I now see it, is not all about me; I can get a lot of fulfillment by helping others get fulfilled;" "realizing that people react differently to different situations;" "I now make effort to carry others along." They usually start putting this into practice immediately and are happy with the impact on their friends, colleagues/co-workers, and families – "This course has taught me many of the mistakes that managers make in organizations. I intend to be the manager who understands and respects her subordinates; not manipulating them but guiding them to make the best decisions for themselves as they work in a conducive environment;" "I will not make a choice, though it may favor me, which will have a negative impact on others. Subordinates are not just assets to be used in actualizing my business goals but are human

beings with feelings, each unique in his right;" "it is important to be fair in managing people not minding their sex, religion or race."

Eventually, we have a classroom of young people, future leaders and managers who "... realize that I need people around me, not just for satisfying my desires and achieving my dreams, but also contributing meaningfully to their own personal development." This definitely augurs well for a future of more humanely managed organizations. In addition, given the spillover effect on the communities in which they live, society would benefit from the impact of those who have done the course – "... I respect people more. Also ... with my spouse, I have been calm in handling disagreements."

From the narratives, it is discernible that people who have passed through the managerial anthropology course have gained a more complete vision of man leading to:

1. Strengthened humanistic values of respect
2. New consciousness of human dignity
3. Greater appreciation for diversity
4. Greater team spirit and commitment to the common good

This, combined with the management knowhow and skills that are transmitted through high quality business education, prepares them to be managers who are better able to take good decisions and act responsibly. The interaction of managerial expertise with a holistic view of the human person is depicted in the matrix below.

Managerial expertise from low to high	<p>"Smart" guy: High negative impact decisions out of ignorance or bad will</p> <p>Big scandals, crooks, pawns, etc., profit given importance</p>	<p>Humanistic leader*: Optimal and humanistic decisions leading to ethical profitability</p> <p>Fewer mistakes, consistency in values, people, profit and planet given importance.</p>
	<p>Bull in a china shop: too dangerous to be let loose on the unsuspecting international business terrain</p> <p>Inept leaders, need to be trained along both axes and need to co-lead with people who are in the upper right quadrant</p>	<p>Philosopher: not very fit for the business world unless partnering with someone from the upper left quadrant in which case, a peer-to-peer coeducation between them will help both to do well.</p> <p>Incompetence is a problem here, an attempt to give importance to people and planet, but when profit suffers needlessly, there is eventually a cascaded impact on people.</p>
	Completeness of vision of a human being from partial to full	

Note: *This is not automatic; the person is always free, but the point is that the people in this quadrant are better equipped to lead businesses the way they should be led.

Table 17.3 Lack of courses in managerial anthropology at leading business schools

School	Courses similar to managerial anthropology	Courses related to ethics	Course content
MIT SLOAN School of Management ³	Nil	Literature, Ethics and Authority	Leadership and authority, professionalism, universality of ethical standards, and social enterprise, gender, cultural identity, work-family balance; science and ethics
Yale School of Management ⁴	Nil	Business Ethics meets Behavioral Economics	Obligations to society; psychological traps that affect perceptions of these obligations
Stanford Graduate School of Business ⁵	Nil	Ethics	Ethical duties of managers and organizations; ethical decisions and strategies
IESE Business School ⁶	Nil	Leading Organizations: Systems, Values & Ethics	Leadership processes within organizations; personal and structural change processes; economic and social responsibilities of managers and of the company
Harvard Business School ⁷	Nil	Leadership and Organizational Behavior	Effective leadership
Harvard Business School ⁸	Nil	Leadership and Corporate Accountability	Legal, ethical and economic responsibilities of business leaders; management and governance systems that promote responsible conduct; personal values
London Business School ⁹	Nil	Nil	

(continued)

Table 17.3 Continued

School	Courses similar to managerial anthropology	Courses related to ethics	Course content
Wharton-University of Pennsylvania ¹⁰	Nil	Ethics and Legal Responsibility	Ethical and legal responsibility in business, frameworks to guide managerial decisions
Columbia Business School ¹¹	Nil	Nil	
Kellogg School of Management ¹²	Nil	Nil	
University of Cambridge: Judge Business School ¹³	Nil	Corporate Governance and Ethics	Asymmetric information in corporate finance decisions and governance structures
Saïd Business School: University of Oxford ¹⁴	Nil	Nil	
University of California Berkeley-HAAS School of Business ¹⁵	Nil	Ethics and Responsibility in Business	Social, ethical and political challenges facing managers in a global economy

This matrix could be used as a classroom exercise or project: with the students being asked to classify business leaders in the past twenty years according to the quadrants. From the ethical quality of their actions can be surmised what their vision of a human being was. Further, from the characteristics of the persons that emerge in each quadrant, one can describe and label the quadrant more accurately.

Conclusions

The message of this chapter is that management education must transmit a more complete vision of the human being to its wards. The teaching of managerial anthropology is one very good way to achieve this aim. With regard to international business, this is even more important.

The key lesson applicable for other teachers across other schools and international settings is that it is important to include this course in the management curriculum, preferably as a stand-alone course. Alternatively it could be embedded in another course; for example, it could be embedded in a course on leadership, on human resource management, on communication, on organizational behavior, on sustainability or on corporate social responsibility. All these mentioned courses could easily incorporate a module which enables students to acquire a more complete understanding of human nature.

In conclusion, training in managerial anthropology is definitely a needed and solid foundation for management thought and practice.

Chapter summary

The view of the human being that has long dominated management education and practice has given rise to many moral problems. The study of managerial anthropology is a way to heal the gap by providing a holistic understanding of the human being. In international business, this has the additional value of preparing these future managers with the requisite interpersonal skills, openness to diversity and sound foundation for ethical reasoning which will help them build responsible businesses. Evidence is given showing the impact of the course on sixteen students from four different years. Deriving from this, a matrix is presented to capture the need to grow along the two axes: such that business expertise combines with a holistic view of the human being to produce successful humanistic leaders.

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Notes

1. The course is also taken by staff of the institution.
2. This has been paraphrased. The actual wording reads "LBS is a community of people committed to creating and transmitting management and business knowledge based on a Christian conception of the human person and of economic activity and relevant to Nigeria and Africa at large ... the School seeks to ... provide high potential professionals with a general management education which stresses professional ethics and service to the community through the practice of management," see <http://www.lbs.edu.ng/about-lbs/>.
3. <http://mitsloan.mit.edu/academic/courses/15.269.php>; <http://mitsloan.mit.edu/academic/courses-list.php?list=History6>
4. <http://mba.yale.edu/MBA/curriculum/electives/ElectiveCourses.shtml>; <http://my.som.yale.edu/docs/syllabi/MGT532.pdf>

5. <http://www.gsb.stanford.edu/sloan/academics/courses.html>
6. <http://www.iese.edu/en/mba/program-structure/>
7. <http://www.hbs.edu/mba/academic-experience/curriculum/Pages/required-curriculum.aspx>
8. <http://www.hbs.edu/mba/academic-experience/curriculum/Pages/required-curriculum.aspx>
9. <http://www.london.edu/programmes/mba/programmedetails/corecourses.html>
10. <http://www.wharton.upenn.edu/mba/academics/new-curriculum.cfm>
11. <http://www4.gsb.columbia.edu/mba/academics/curriculum/corecurriculum>
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18

Shaping Humanism at the Tecnológico de Monterrey: The Citizen of the Future

Consuelo García de la Torre, Luis Portales and Osmar Arandia

Introduction

The traditional management paradigm is experiencing attrition and crisis (Pirson, 2012). The basis on which it has been constructed, centers on the understanding that social actors' actions are based on the principle of rationality and seek to maximize their assets and resources, regardless of the quest for well-being (Dabat, 2009; Pirson et al., 2009). The implementation of this paradigm has damaged the social fabric and has created patterns of socioeconomic inequality that, far from seeking to improve human beings, seem to encourage their destruction in every sphere and dimension (Dabat, 2009; Parmar et al., 2010; Pirson, 2012).

In this context, the implementation of a humanistic paradigm, which fosters respect for human dignity and well-being, emerges as the response of organizations seeking to differentiate themselves. However, the implementation of humanism requires every sector of society – including universities – to address its social mission.

Based on this idea, this chapter presents the way in which the Tecnológico de Monterrey has designed an educational and formative model for its students based on humanistic principles. This model is characterized by its guarantee that graduates, in addition to possessing the knowledge and skills to compete in global markets, are aware of national and international socioeconomic realities and are able to act accordingly in terms of an ethical and citizenship-oriented perspective.

The chapter has four sections. Section titled “A humanistic perspective of university management: what this could look like, and its impacts” explicitly outlines what a university should look like from a humanistic perspective. This understanding forms the basis of the principles governing the Tecnológico de Monterrey's educational model, which are presented in the section titled “Tecnológico de Monterrey's Mission 2015: philosophical alignment with humanism.” This has led to the construction of the Quality Enhancement Plan (QEP), which is aligned with a humanistic vision. The

section titled “Alignment of Tecnológico de Monterrey programs with its 2015 Mission” shows how the model has been operationalized through the creation of operational curriculum and co-curriculum programs. Finally, the section titled “Conclusions” outlines some of the lessons learned and the challenges that the institution faces during the implementation of this model at the teaching and learning levels.

A humanistic perspective of university management: what this could look like, and its impacts

The term *humanism* refers to the realization of certain human ideals; specifically, it is an outlook that emphasizes shared human needs and is concerned with human characteristics (Melé, 2003). The notion of humanistic management centers on human development, human integrity, human dignity and human liberty (Nida-Rümelin, 2009).

Humanism in management refers to treating every employee with respect, fostering an ethical climate, and endeavoring to provide work conditions that maximize the employees’ psychological and physical well-being. Thus, humanistic management places humankind and human values above other values (Fromm, 2007). The humanistic management proposed in this model centers on the human being in all activities (Aktouf & Holford, 2009).

At organizations, and in all human activity, humanistic management’s expected impacts on human dignity foster well-being in their societies (Pirson et al., 2009). The nature of this concept leads to the construction and development of human capabilities, or their stakeholders, in a way that allows them to reach their full potential (Sen, 1999) and provides them with the freedom to decide their quality of life (Nussbaum & Sen, 1996). This way always respects others and complies with ethical criteria that exalt human development in all spheres and dimensions (Sen, 1996; Nussbaum, 2005).

Considering all these elements, we can assume that a university established with a humanistic perspective has the development of each stakeholder’s human potential as its guiding principle. Such a university integrates its education community, ensuring their dignity and fostering their overall well-being. To enhance this mission, a humanist university should encourage the development of human capabilities inside its walls and within its community, using the society’s moral and ethical aspects and its actions’ impacts on sustainable welfare as a measure. It should also provide the necessary tools to generate processes that foster participatory and inclusive citizenship oriented toward social improvement.

A humanistic university should be responsible for its employees’ welfare, and should consider the formative and reflective elements that make its graduates behave and act according to this paradigm, allowing them to actively contribute to well-being both locally and globally. This dual mission has longitudinal consequences (Figure 18.1).

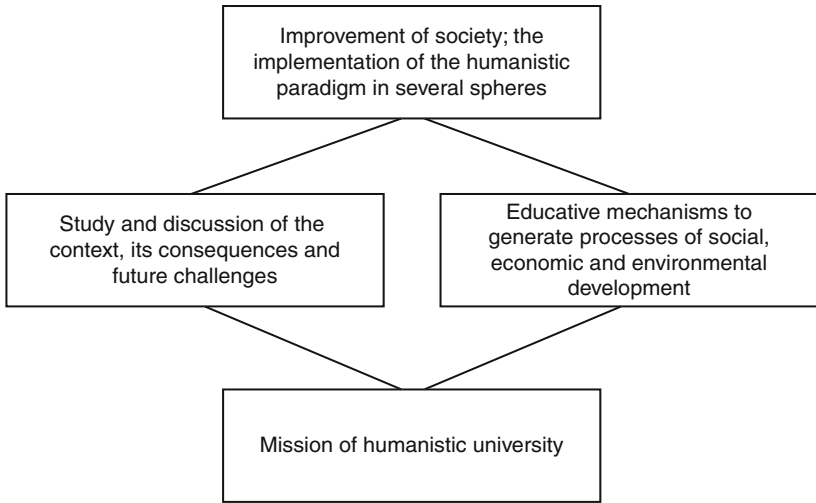


Figure 18.1 The dual mission of a humanistic university
Source: Authors

A humanist university's first mission is to help develop fair and dignified communities in which all people can develop their capabilities. This mission is accomplished through the implementation of mechanisms orientated toward learning and reflecting on its students' context and reality, as well as on future social, economic and environmental issues. A humanist university's second mission is to create mechanisms that allow its community members to develop its students' and alumni's capacity to generate social, economic and environmental development processes in all of their different contexts and scenarios. By achieving these two goals, the university helps improve society as a whole in the medium and long term, while strengthening the implementation of humanism wherever its graduates and members are.

Based on the understanding that a university is a catalyst of better societies through the implementation of humanistic processes inside and outside its educational community, we will present the way in which the Tecnológico de Monterrey has introduced this paradigm into its management through the implementation of participation and reflection mechanisms that aim to develop their students' ethics and citizenship skills, which, as discussed throughout the text, comprise a humanistic proposal.

Tecnológico de Monterrey's Mission 2015: philosophical alignment with humanism

The Tecnológico de Monterrey was founded in 1943 in the context of a national and international crisis that prevented the development of labor

resources. Mexico was recovering from the ravages of the Revolution, instability was a constant in most of the public universities, and the U.S. was emerging from a deep economic recession and involved in World War II. Monterrey had a well-defined industrial profile, and Mexico urgently needed professionals to revitalize its economy.

The institution has reformulated its mission three times throughout its history. The first was in 1986, when the mission was to “train professionals with levels of excellence in their specialty area, as well as the general status and the formal establishment of the Tecnológico de Monterrey as an educational system multi campus with a new organizational structure” (Tecnológico de Monterrey, 2013). In 1996, the mission was amended to read: “to educate individuals with community engagement, who are internationally competitive in their area of expertise, and to foster research and extension programs relevant to the country’s development” (Tecnológico de Monterrey, 2005a).

This change in the institution’s mission statement showed an interest in not merely developing professionals, but also people who, through their social engagement, could influence Mexico’s development. This mission statement was modified in 2005. The result was a new perspective for 2015: “...to form persons with integrity, ethical standards and a humanistic outlook, who are internationally competitive in their professional field and, who, at the same time are good citizens committed to the economic, political, social and cultural development of their community and to the sustainable use of natural resources” (Tecnológico de Monterrey, 2005b).

This last mission is an example of the humanism pursued that the Tecnológico de Monterrey pursues when forming its graduates, providing a sense of transcendence and a sustainability aspect by integrating a commitment to short-term and long-term community development in a multidimensional way, which is a key element in achieving well-being. This development is based on developing ethics and citizenship skills in its graduates, whom the QEP shapes and evaluates.

The QEP seeks to strengthen the ethics and citizenship skills of its graduates in order for these to be integrated as a way of life throughout its graduates’ professional careers (Tecnológico de Monterrey, 2009). This plan addresses the importance of cognitive elements, skills and committed social actions. It specifies four graduation competences expected of its students (Table 18.1); two of these are based on the ethical aspect and two on the citizen aspect.

The competences have a dual purpose: one intrinsic and one extrinsic. The intrinsic perspective is reflection on different people’s behavior. This reflection relates directly to the mission’s ethical aspect and to the individual level of analysis. From an extrinsic perspective, the purpose is the need to be sensitive to the university’s social reality and its ability to provide members with the capability to address the issues that generate quality life for all. This purpose relates to the collective level of analysis (see Figure 18.2).

Table 18.1 Graduate competences of Tecnológico de Monterrey students

Competences	Description
Ethical competences	1. Reflect on, analyze and evaluate ethical dilemmas related to the person, professional behavior and the milieu. 2. Respect for people and their milieu.
Citizenship competences	3. Knowing about and being sensitive to improving social, economic and political realities. 4. Acting with a civic spirit and responsibility to improve the quality of life in communities, especially in underprivileged communities.

Source: Authors, with information from the Tecnológico de Monterrey (2009)

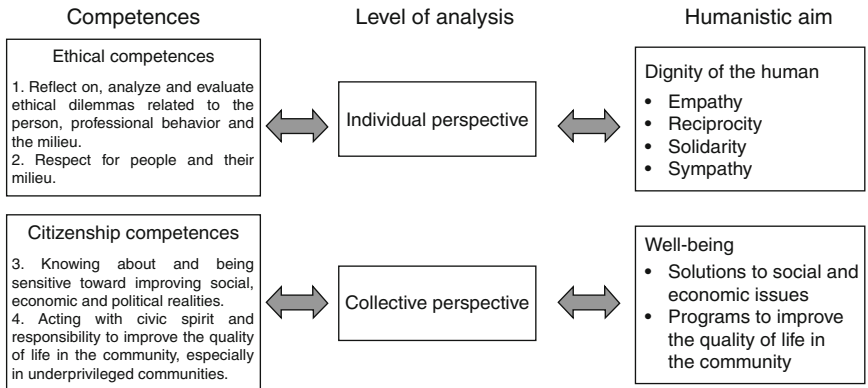


Figure 18.2 The alignment of graduate competences with humanistic perspective
Source: Elaborated by the authors

Through the development of these four competences, the Tecnológico de Monterrey’s mission is in line with the humanism on which the proposal of a humanistic university is built. First, the dignity of human beings is achieved through knowledge of their social reality and the generation of empathy with others by means of ethical and moral reflection on their actions and behaviors. Second, the generation of citizen competences oriented towards answering social and economic issues is a contribution to the generation of well-being (see Figure 18.2).

Figure 18.2 shows how the Tecnológico de Monterrey’s development of its graduates’ ethics and citizenship competences are aligned with the humanistic proposal, thus contributing to human dignity, as well as the short-term and long-term common good. It is important to remember that this alignment is at a philosophical level, which is why it is critical to observe how it

has been operationalized in this educational model and in the creation of different curriculum and co-curriculum programs. The operationalization of this study will show how the Tecnológico de Monterrey integrates the dual mission defined in the humanistic university proposal.

Alignment of Tecnológico de Monterrey programs with its 2015 Mission

The achievement of Mission 2015 will only be feasible if the development of these competences is embedded within the institution's educational model. This inclusion will ensure that the development of these competences in terms of forming the student is not dispersed or lacking. The educational model was designed so that the students play a key role in the training process, build knowledge based on their experience, and reflect on this experience under the leadership and guidance of their professors (Tecnológico de Monterrey, 2008).

In this process, teaching techniques that enrich the students' formal education with a practical/theoretical approach based on teamwork and active participation support the faculty. Techniques used at the Tecnológico de Monterrey include the case method, project-oriented learning (POL), problem-based learning (PBL), collaborative learning and other techniques centered on active learning, such as service learning (SL). The educational model also seeks to incorporate the intensive use of information and communication technologies, which allow the students to access information and course content, expand their learning options outside the classroom, interact and work with their professors and classmates, and to access electronic information sources, as well as other technological resources, such as technology platforms for interaction with the faculty and other students, virtual labs, etc. The process is described in Figure 18.3.

In seeking to achieve Mission 2015, this educational model combines two key aspects. On the one hand, the model increases the academic and professional level that the Tecnológico de Monterrey graduates should achieve in order to develop appropriately in their professional field and in line with market expectations. Simultaneously, the model increases the students' ethical and citizenship development, which is aligned with the humanistic vision that seeks to develop its students into graduates who succeed in improving the living conditions of their communities – the most significant aspect of the humanistic university proposal.

Since this chapter focuses on the presentation of the process of ensuring the development of graduate competences aligned with humanism, rather than merely the professional and academic profiles of its graduates, the analysis focuses on explaining the different programs in the QEP and the guaranteed outcome of developing students' ethics and citizenship competences.

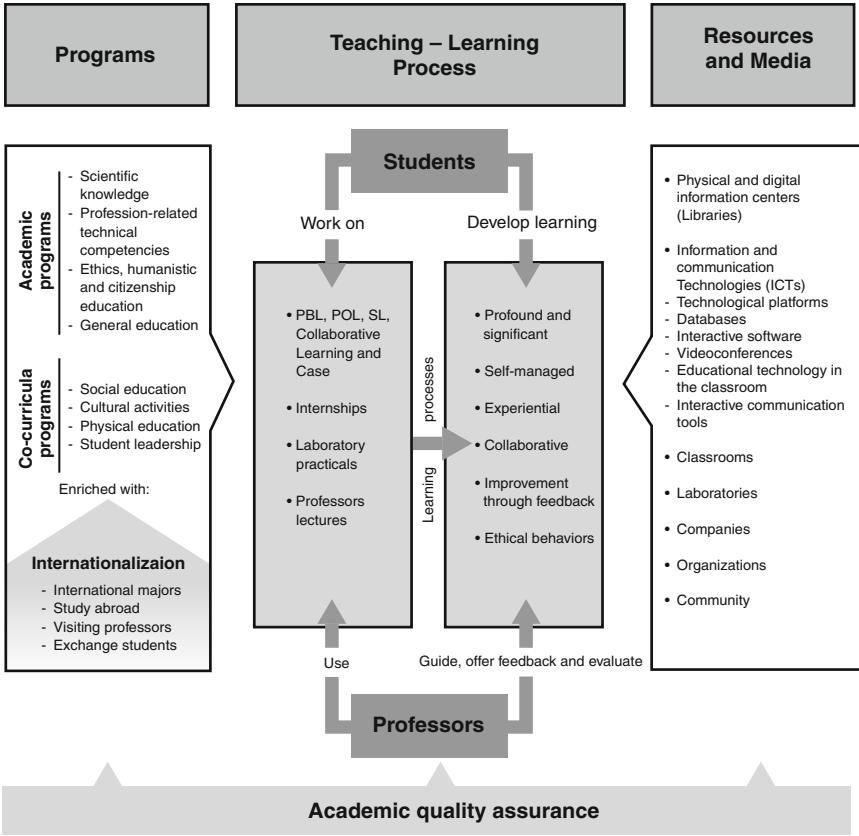


Figure 18.3 The Tecnológico de Monterrey's educational model
 Source: Tecnológico de Monterrey (2008, p. 23)

The programs defined by the QEP are curricular and co-curricular; students experiencing them will undergo the learning experiences that seek to strengthen the proposed competencies. The QEP will therefore help consolidate and focus the various existing institutional efforts on specific student learning processes. The following comprise the curriculum and co-curriculum programs that will support the development of the QEP target competencies:

Curriculum programs

In undergraduate degree programs, all students are currently offered courses in ethics and citizenship with academic credits. In other curriculum courses, professors from different disciplines include academic activities that stimulate reflection on ethics and citizenship.

Specific courses

a. Ethics, Self and Society

This is a required course for third-semester students in all majors. The course's general objective is for students to understand the importance and fundamentals of ethics in the current world as a basis for making responsible life decisions and for constructively interacting in and with the social environment.

b. Ethics, Profession and Citizenship

This is a required course for ninth-semester students in all undergraduate majors. The course's objective is for students to reflect on their sense of personal and social responsibility in their career practices – strengthening and reinforcing this responsibility –, as well as their commitment to contributing to a more just, sustainable society's development.

c. Social Responsibility and Citizenship

This is an elective course for sixth-semester students in all undergraduate majors. Students strengthen their sense of responsibility and awareness of their role as citizens, as well as their potential to transform themselves and the world around them. This change is stimulated through learning based on direct action aimed at solving social and community problems, as well as at driving economic development and job creation in underprivileged communities.

d. Micro-business Planning for Social Development

This is an elective course for eighth-semester students in all undergraduate majors. Students strengthen their capacity for leadership, entrepreneurship and innovation by acting as advisors to micro-businesses in the low-income economic sectors, helping the owners become more professional, formalize their businesses, and create jobs that promote community development and sustainability, thus contributing positively to Mexico's development.

e. Operating Micro-businesses for Social Development

This is an elective course to help students improve business owners' socioeconomic conditions and environments by means of business plan implementation counseling, as well as links to micro-credits and commercialization chains in order to help these people grow and sustain their endeavors.

Development of competencies across the curricula

a. Ethics across the Curricula

This program seeks to strengthen students' ability to reason ethically and analyzes ethical dilemmas related to their profession in order to help develop their conscience. As part of the strategy to achieve this goal, different workshops are offered for faculty members from all disciplines to prepare them to incorporate ethical reasoning into their discipline's teaching tasks. Since October 2007, this course has trained 2,860 faculty

members at different campuses to voluntarily include ethical reflection activities in (some of) the courses they teach.

Among the QEP actions outlined, in the January to May 2008 semester, at least two courses in each major were identified for the purpose of including ethical reflection activities regarding topics linked to professions. The success and depth of these activities are monitored and assessed to allow the best practices to be extended to all campuses.

b. **Citizenship across the Curricula**

To promote and strengthen citizenship across the curricula, formal mechanisms will be established to facilitate specific course links to social programs and support provided for faculty interested in incorporating such activities in their courses.

This program seeks to strengthen students' civic competencies and positive social attitudes by using the service learning teaching strategy, which is focused on civic-minded projects and involves teamwork by students, faculty and community members, to address specific community needs.

Co-curriculum programs

The students' overall education will also be enriched by co-curriculum programs that intentionally and methodically promote the competencies established in the QEP. The co-curriculum programs selected to support these QEP objectives are described below.

Social development incubators

Social development incubators are physical spaces located in underprivileged zones near the Tecnológico de Monterrey campuses where community members have access to educational, entrepreneurial, health, and basic community infrastructures, as well as to housing assistance. With this program, the Tecnológico de Monterrey contributes to the human, economic and social development of communities that lack opportunities to create wealth and employment, thus seeking to improve living conditions in these areas.

These social development incubators seek to prepare students to function as citizens and social leaders fully responsible for the economic and social development of their communities. To achieve this goal, a structured knowledge transfer process is used, during which students become acquainted with the community's social realities, develop a sensitivity to these, and, as part of their practical education, consciously apply what they have learned to transform the community, thus becoming committed to creating wealth and well-being in these communities.

Community service

Community service offers undergraduate students opportunities to become aware of the situation in Mexico and to become protagonists in creating required societal changes. Since 1995, the Tecnológico de Monterrey

has required its students to devote at least fifty percent of their 480-hour requirement to community service. This has helped lay the groundwork for the expanded program outlined in the QEP.

This requirement seeks to make students more conscious of Mexico's social realities through participation in projects and programs that create social, economic and educational development in underprivileged communities, as well as through participation in the social welfare institutions with the greatest needs.

Most of the students' required community service hours are earned by participating in projects not directly related to a particular course and implemented at institutions that the Tecnológico de Monterrey has approved.

Student organization activities

Student organizations offer a high formative potential regarding citizenship skills and ethics, students' participation in an interest group may allow them to discover their individual capacities. Student organization activities are therefore an excellent practical complement to the institution's academic objectives.

The activities of student organizations enrich students' personal preparation by allowing them to develop specific skills and to consolidate their identification with their communities. These activities take place within the organized framework of social responsibility, an environment that encourages the development and reinforcement of the ethical and civic competencies that the QEP has established, particularly concerning respect for other people and their surroundings. In these structured activities, students also learn to exhibit a civic spirit, act responsibly and to improve their communities' quality of life, especially that of underprivileged communities.

The student organization program has the following general objectives:

1. To bring students together to carry out projects, organize events, and to develop their interests, aspirations, personal skills, as well as their spirit of commitment to their surroundings.
2. To promote students' commitment to community development through community service work that contributes to their professional development.
3. To develop a spirit of innovation and entrepreneurship.

These two types of programs (curriculum and co-curriculum programs) complement one another, contributing to students receiving comprehensive training in any relevant space – from a theoretical or a pragmatic perspective. This complementarity comprises the following two components:

The first component is in the classroom, where – through specific courses – students' work is analyzed from a theoretical perspective and is based on case studies, or on an analysis, of a real social situation, ethical behavior

and citizens' discussions of a dilemma. Further, through the integration of an ethics component into different course curricula, students' achievements inside the classroom include ethics and a citizen's perspective on all issues, as well as a wider perspective, i.e. the students become aware of all the theoretical aspects of their professional performance.

The second component is presented experientially, is developed through co-curriculum activities that foster solidarity by exercising leadership, service to vulnerable communities, and contribute to providing solutions aimed at improving these communities' living conditions, as well as the common good, in order to promote the practical implementation of activities that allow students to use the technical and professional skills acquired in the classroom.

It is important to emphasize the support and reflection aspects of each of the actions that have been carried out in the co-curriculum programs that are part of the liberal education process on which the Tecnológico de Monterrey has embarked. Failure to do so could lead to the students having limited or no understanding of the programs. They might perceive the programs as isolated, as actions that make no sense, and that are oriented toward meeting institutional requirements for graduation, rather than actions that holistically nurture the development of ethical and civic competence. In this regard, the Tecnológico de Monterrey has to form focus groups that can – at the end of each activity – foster reflection and training.

It is clear that, by defining its mission, the university has adopted a humanistic management model whose ultimate goal is producing graduates who are ethical and committed to the development of their communities, who have a comprehensive perspective of the dignity of others and are aware of their problems and realities. This goal forms the basis for developing innovative solutions that contribute to long-term societal well-being.

Conclusions

In this chapter, we sought to present how this university has integrated and aligned the humanistic characteristics of its students' graduate competences on the basis of a redefinition of its mission, without losing sight of graduates' professional development and integration into the labor market. We outlined the programs that have been adapted or created in this framework, as well as each program's main characteristics.

The chapter shows how, through the alignment of an educational model on the basis of skills development oriented toward meeting the students' different needs and realities, the university can fulfill the aims of the humanistic paradigm, which is gathering strength in the 21st century and whose basic foundations are human dignity and the common good.

From this perspective, the Tecnológico de Monterrey illustrates how the integration of Mission 2015 into the educational model favors the implementation of curriculum programs designed to encourage the development of ethical and citizenship competences from a theoretical and a methodological perspective. These perspectives allow graduates to integrate the humanistic paradigm into their professional and personal actions. These curriculum programs are complemented by co-curriculum programs, in which students can use their knowledge to address the economic and social issues that have been identified and also become aware of the reality of vulnerable communities, making these students more empathetic and encouraging the creation of innovative solutions that contribute to the general well-being.

In this model, the faculty is the primary facilitator of what needs to be achieved, but we cannot forget those who support these actions voluntarily and with inspiration, who lead students to reflect on and learn from their social experiences. While the efforts and resources allocated to this task have been substantial during the short time that they have been implemented, the institution will continue its collective efforts.

The Tecnológico de Monterrey graduates should therefore be aligned with the humanist paradigm proposed in this book, including the elements of human dignity and citizenship, to which that they contribute by helping improve living conditions and building a better society. We believe that the competency model that the Tecnológico de Monterrey adopted in its Mission 2015 is wholly congruent with humanism. This project remains a challenge and an opportunity for all of the Tecnológico de Monterrey's stakeholders. For the students and their communities, it also represents a commitment to both humanism and Mexico's future.

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Conclusions: Toward a Humanistic Agenda for International Business and Management

Nathaniel C. Lupton and Michael Pirson

The era of globalization has brought with it previously unimagined material wealth creation and innovation. International business and management scholarship has largely followed this wealth, through its focus on foreign direct investment, global efficiency, scale economies and international dissemination of state-of-the-art knowledge and technology. Other discussions reflecting an increasing embeddedness, a heightened connectivity and shared destiny, a phenomenon which we label globality, receive less attention. Unfortunately concerted inquiry regarding the autonomy, rights, well-being, participation and self-determination of populations around the world, and the quality of the natural and social environments they inhabit, have received far less attention from international business and management scholars. Our aim in undertaking this volume was therefore to extend and reinvigorate the fields of international business and management by promoting new or marginalized scholarly discourse and practices that reflect globality, guided by the tenets of humanistic management: dignity, well-being and human flourishing.

The contributors to this volume demonstrate the value of new or less represented paradigms for theorizing in international business and management, provide case studies that promote alternate ways of thinking about conducting international business and policy-setting, and provide new models for international business and management education. We suggest that together these discussions would benefit from further dedicated research in order to provide concrete directions for management practice and teaching. These discussions also suggest a need for new discourse related to the underlying paradigm of international business and management, including a broader and more explicit consideration of the needs, goals and ambitions of individuals all over the world who are affected by globality, whether or not they are direct participants and/or beneficiaries of its economic value creation activities. To address these discussions productively, with sincerity and rigor, requires greater reflexivity on the part of the researcher, new modes of training business students, and a commitment to continuous

improvement through inclusion of a diversity of perspectives and awareness of the new and emerging globality. To accomplish this, we call for concerted efforts and new discussions guided by the humanistic elements of international business and management scholarship, practice and pedagogy.

Attesting to the importance of this endeavor we received an overwhelming number of contributions from scholars around the world, representing a host of different business and management specializations and related disciplines. The 18 chapters that comprise this volume were selected based on their unique merits and contribution to the humanistic management agenda, and also so that there would be adequate representation of the three categories of management theory, practice and pedagogy. We are eternally grateful for the efforts extended by these contributors in conducting their research, crafting their manuscripts and patiently working with us to see this volume through to publication. To the many more current and potential contributors to the objective of a more humanistic paradigm for international business and management, we hope you are encouraged by this publication to continue your important work from which scholars, managers and the rest of the citizens of earth will all benefit.

New discussions in international business and management

Contributions included in the opening conceptual part of this volume call into question the value of the dominant paradigm guiding international business and management, and offer alternatives primarily in the form of humanistic and postcolonial lenses. Mainstream economic discourse underpins contemporary scholarship in international business and management as in other management disciplines, despite offering a singular, reductionist, and sometimes overly negative conceptualization of human nature. These negative implications of the paradigm on their own offer ample motivation and opportunity for further thought and revision. Within the discourse of international business and management, which often expounds the need for a global, cosmopolitan perspective, such discussions should seem all the more urgent.

Postcolonial and neocolonial scholars, themselves well outside the usual discourse of international business and management, have elucidated and critiqued the role that the dominant paradigm has played in silencing other forms of knowledge and ways of knowing, inadvertently or otherwise. Even scholars in nations that have recently experienced the often dehumanizing effects of material and intellectual colonization find themselves adhering to the ideals of the dominant paradigm, under the belief that gaining recognition for their work requires conformance. International business and management scholarship should re-engage with the diverse business environment which is both the subject of and audience for its efforts. The humanistic paradigm, which extends and reprioritizes conceptualizations of

human nature, offers one alternative to aid in achieving this. By leveraging the diversity of voices contributing to its formulation, international business and management scholarship can more clearly delineate its unique contribution amongst the other disciplines.

Contributions to the part on practice and policy offer case studies that shine light on different approaches to protect human dignity emanating from different traditions and localities around the world. These themes include management culture, sustainable development, foreign direct investment policy, cross sector alliances and corporate social responsibility and are already well represented in contemporary management discourse. Allowing a more diverse representation from around the world on these topics would not only encourage diversity, but also reduces the risk that thought originating from non-western sources will be “exoticized,” and hence made marginal. The approaches taken in these chapters extend these discussions by viewing the issues and their solutions from the perspectives of those directly involved. Doing so greatly opens up the possibilities for more informed and accurate portrayal of phenomenon unfolding at the local, regional, national or supranational level. More importantly, opening up international business and management research to a more representative cross-section of scholars from around the world offers a greater diversity of potential solutions to stubbornly persistent problems such as poverty, inequality, environmental and spiritual degradation, albeit at the cost of parsimony.

A new paradigm for international business cannot take hold in practice unless future scholars and management practitioners are trained accordingly. At the risk of stating the obvious, if management practice is to change, the education that potential managers receive must lead the charge. The final major part of this volume contains examples of new models for education that involve social innovations such as service learning, global leadership training, courses on human nature that greatly complicate the reductionism of *homo economicus*, and even entirely new models for universities founded on the principals of promoting human dignity and well-being. Especially with respect to the more substantial revisions of management education, universities in less economically developed regions, perhaps unsurprisingly, lead the way. Institutions in the more economically developed regions benefit through awareness of these developments, and openness to potentially being informed by them.

International business and management subjects deserving dedicated inquiry

If contributions to this volume are representative, there remain vast, under-represented areas in international business and management research commanding further inquiry. Given the dominance of the economic perspective on human nature and the purpose of business, it would appear

that international business and management research is informed primarily by western thought. Should this state of affairs be reversed so that what is considered universal is informed by the unique perspectives afforded through the inclusion and integration of diverse perspectives? Or should international business and management lead the other management disciplines in eschewing universality in favor of a more kaleidoscopic view of management? Regardless of the end result, extending, amending or replacing the entrenched dominant paradigm will require concerted effort by the many scholars interested in doing so. Accomplishing this change could be very rewarding. Presenting a more complete perspective on human nature creates a more promising view of a future in which business responds to a broader and more inclusive set of human ambitions, and is informed by more diverse perspectives on economic systems and management practice.

Topics such as foreign direct investment, cross-border knowledge management and multinational corporate structure are naturally compelling areas for international business and management scholarship. We believe this mandate has ample white space for expansion through inclusion of a host of additional phenomenon. Poverty alleviation is an obvious extension, given the breadth and persistence of the problem it attempts to address. It is not a problem that has been solved in any national context, so no country can claim superiority in this regard. Even approaches that have met with some limited success in financially richer countries will not be useful where vast segments of the population have subsisted through multiple generations. Yet approaches that promote self-reliance and sustainability that are developed in some locales may inform others, including the more economically developed countries. Innovation is another area that researchers should take a broader perspective on, given that diversity and recombination of knowledge and technology form its central concepts. Work on the internationalization of innovation should therefore rebalance the focus toward cross-border collaboration, as opposed to the current emphasis on exporting basic research and technology development processes.

In addition to expanding the range of research topics that rightly deserve attention from scholars of international business and management, we also suggest revisiting the modes and mentalities driving the process of inquiry. At present, assumptions formed in one context may be inappropriately driving research in others. Lack of attention to the influence of contextual factors can be detrimental in theory and practice, as demonstrated by the difficulties faced by countries where economic systems are in transition. If diversity is persistent, then researchers must at the minimum acknowledge that their findings may neither generalize across contexts, nor across time. We certainly do not know everything about the practice of international business and management, and probably never will. Such reflexivity needs to be built into our research designs, and leaves open the possibility for revision as contexts change.

With regards to educating business students, it should not be automatically presumed that one form of pedagogy (such as the US style MBA education) is superior to all others. There is much to be learned from efforts the world over, and in any event exporting a single model means that its faults will disseminated along with its benefits. The earlier students are exposed to the international context, the more complete and balanced their perspectives will be.

Emphasizing humanistic elements in international business and management

This volume is part of a series on “Humanism in Business” (<http://www.palgrave.com/products/SearchResults.aspx?s=HBS&fid=2420>) which collects scholarly voices that view management as a vehicle to protect human dignity and promote human well-being. We call this perspective on organizing and managing “humanistic management,” and it represents an alternative paradigm for the role of business and management in society. The humanistic lens provides a basis to reconsider management research, practice and policy. In this book we focused on the area of international business and management, its research domain, the practice, policy and pedagogy. We hope that you found enough food for thought.

If you are inspired to do more work in this area, we would be glad to support you in any way we can. Please feel free to reach out to the various platforms of the humanistic management network:

Webpage: www.humanetwork.org

Facebook group: <https://www.facebook.com/groups/humanisticmanagement/>

AOM listserv: <http://aomlists.pace.edu/scripts/wa.exe?SUBED1=HUMANISTICMGMT&A=1>

We also would encourage anyone interested to work on follow-up volumes and would be happy to receive proposals for our Book Series as well as include your research in our Humanistic Management Research paper series. (http://papers.ssrn.com/sol3/JELJOUR_Results.cfm?form_name=journalbrowse&journal_id=2343732)

Please feel free to be in touch and we hope to hear from you soon.

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