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Item Type	Preprint
Authors	Dierksmeier, Claus
Publisher	Humanistic Management Center
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Download date	2026-11-13 03:46:38
Link to Item	http://hdl.handle.net/20.500.12424/199082

Humanistic Management Center

Research Paper Series

Reorienting Management Education

From the Homo Economicus to Human Dignity

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Reorienting Management Education: From the Homo Economicus to Human Dignity

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The recent economic crises added fuel to the debate about the social impact of the teachings of economics and of management theory. After about 200 years of imitating the methods of the natural sciences and their thoroughly positivistic approach, and after decades of relegating any and all moral considerations to the margins of business theory, often belittling its tenets as not amenable to quantitative models, now, arguably, a paradigm shift is under way. We are seeing an ever stronger (re-)orientation of economic and business theory towards the social sciences and the humanities, and we are witnessing the return of qualitative methods and ethics to economics. In the wake of these developments, a new economic anthropology will be needed. Management education, having inched away from the *homo economicus*-model for several years now, is about to cut loose fully from its former moorings in the mechanistic paradigm of the past. Instead of tracking the behavioralistic depictions of human behavior as a mere pursuit of profit-maximization, a new course has to be chartered.

In what follows, I argue that management theory should set sail towards the shores of a humanistic paradigm, centered on the idea of human dignity. To understand human agency we must penetrate the normative dimension of the human mind. *Descriptions* of economic behavior match reality only when they are observant to the moral *prescriptions* that inform said behavior. Not incidentally, therefore, philosophical reflections on human nature and values have been at the forefront of economic thinking for more than two thousand years, from ancient times up to the late 18th century. This wisdom of the ages, I hold, we must not overlook. I will unfold this thesis in favor of a new management theory centered on the idea of human dignity in the following steps: (1) I investigate how in 19th century the introduction of mechanistic models of human behavior, like the *homo economicus*-theorem, economic thinking impacted and impaired modern management education. (2) Then, in order to

prepare the philosophical grounds for a future humanistic management education, I will glean the central normative tenets of a humanistic ethics from the history of philosophy. (3) Last, I investigate the possible contributions of a more humanistic pedagogy, centered on the idea of human dignity, to reorienting education in today´s business schools.

1. From Description to Prescription: Homo Economicus and Human Nature

From ‘stone age economics’ (Sahlins 1972) via Plato and Aristotle to Adam Smith, i.e. for several thousand years, economic thinking resulted from metaphysical, theological, and moral reflections. The Greek philosophers linked economics to reflections on the common good of the *polis.* The theologians of the Middle Ages likewise subordinated economic questions to their discourses about the good and pious life (Maritain 1947), and still the philosophers of the Enlightenment pursued economics with an overall perspective to the emancipation of the human being from constraints. This includes economic heroes of the time such as Adam Smith (1723-1790), who, holding a chair for *moral philosophy*, penned a voluminous “Theory of Moral Sentiments” (1759), long before he investigated the reasons for “The Wealth of Nations” (1776). Why did then 19th century economics leave the ambit of the humanities and turn away from ethics?

In an effort to become just as ‘scientific’ as their colleagues in the natural sciences, economists of the late 1800s consciously began to sever their discipline from the social and political sciences and allied themselves with the methodological apparatus of physics and mathematics (Wieser 1884). Essaying to analyze economic problems ‘purely’, i.e., without resorting to extrinsic values or doctrines, ever more economists looked to the mathematical models of physics, especially mechanics, in search of a new paradigm (Walras 1909). John Stuart Mill (1806-1873), Auguste Comte (1798-1857) and numerous others described economic structures as quasi-mechanical laws that could, ideally, be translated into the language of mathematics.

While mathematical mechanics gave the new paradigm its formal aspect, utilitarianism contributed the material side, with the effect that the entire discipline of economics was now recast as a "mechanics of utility and self-interest" (Jevons 1871, p. 90). Human behavior was increasingly seen as a natural phenomenon like any other, motivated by the forces of *pain* and *pleasure*, and open to empirical observation and technical manipulation. This view coincided, moreover, with a strong emphasis on self-interest as the main driver of human action, which Bentham believed to be "predominant over all other interests put together" (Bentham 1954, 421).

In order to make utility theory fit for mathematical treatment, William Stanley Jevons (1835-1882) changed Bentham's definition of utility as a function of an (immaterial) increase in personal happiness into denoting "the abstract quality whereby an object serves our purpose, and becomes entitled to rank as a commodity" (Jevons 1871, 44-45). This materialistic twist allowed him to "treat the Economy as a Calculus of Pleasure and Pain" (ibid., VII). Freed from the intricacies of normative and qualitative evaluations, the vexing problem of societal utility *optimization* was translated into the simpler one of quantitative *maximization*. Later changes in the utility concept, such as Alfred Marshall's move away from direct commodity consumption towards the indirect willingness to pay for goods (Marshall 1890), did not change too much in the outcome: Economics had turned (moral) concerns of 'better' versus 'worse' into a (technical) calculus of 'more' over 'less'.

The Homo Economicus as a theoretical model of behavior

The *homo economicus*-model epitomizes like no other theorem the peculiarities and the flaws of the mechanistic approach to economic behavior. Any textbook definition of the *homo economicus* would do for our present purposes (Kirchgaessner 1991); but no less accurate and far more entertaining is the satirical depiction that Thorstein Veblen renders of this creature as

> that of a lightning calculator of pleasures and pains, who oscillates like a homogeneous globule of desire of happiness under the impulse of stimuli that shift him about the area, but leave him intact. He has neither antecedent nor consequent. He is an isolated, definitive human datum, in stable equilibrium except for the buffets of the impinging forces that displace him in one direction or another. Self-poised in elemental space, he spins symmetrically about his own spiritual axis until the parallelogram of forces

> bears down upon him, whereupon he follows the line of the resultant. When the force of the impact is spent, he comes to rest, a self-contained globule of desire as before. (Veblen 1898, 389)

Hardly anyone has ever met one such *homo economicus*, and, of course, economists are quick to state that theirs is only a model for prognostic, not descriptive purposes. The economic man is not really real, we are told, but more like a myth that helps us decipher reality (Friedman 1953). Belief in mythical beings is rarely wholly benign, however; and the use of "models that are highly artificial, seriously oversimplified, or blatantly false" (Cartwright, 2006, 239f.) should always be questioned. For the *homo economicus*-model invites us to respond to human reality in a peculiar way. When, on one hand, some aspects of reality, which can be used for its transformation (e.g., moral inclinations), are ignored, whereas, on the other, certain elements (e.g., material incentives) are being overemphasized, then the theorem is bound to become a "self-fulfilling prophecy"(Argyris 1973). Theoretical gaffes thus prepare the path for practical blunders: Emphasizing pseudo-necessities and downplaying real freedoms, economic theory contributes to the decline of moral rationales in business affairs (Dierksmeier 2009).

Observations of actual markets and people – especially recent research in behavioral economics, the cognitive sciences and neuro-economics (Fehr et al. 2005) – have unanimously documented: Human decision-making proceeds constantly outside the *homo economicus*-model, both *below* its logic (i.e. based upon non-rational impulses) and *above* the same (i.e. driven by moral reasons superseding the conceptions of technical rationality within economics). The oft-lamented prognostic failures of the *homo economicus*-model are hence by no means incidental but instead indicative of its inadequacy to capture the contextualized richness, the internal complexity and especially the cognitive as well as cultural dimension of human economic agency (Brodbeck 2000).

Still, notwithstanding its negligible explanatory merits, the *homo economicus*-model holds a remarkably elevated status in economic pedagogy and management education because, in being amenable to a mathematical treatment, it complements the pseudo-scientific garb of contemporary management lore (Robinson 1962). Faulty theories in scientific attire are nothing to trifle with, however. The last economic crisis

testifies to the enormously detrimental effects of theories that explain human behavior in the rigid logic of self-centered utility-pursuit, as a brief glance on recent management literature corroborates.

The Homo Economicus as a practical model of managerial behavior

Since in publically traded firms the owners (i.e., shareholders) often have insufficient control over managerial decision-making, managers do not always make shareholders' interests their own (Berle and Means 1932). Instead they tend to serve also a host of alternative goals, some benign (meeting societal expectations of professional respectability and responsibility) and some rather malignant (pecuniary self-indulgence, for example). Importantly, though, in all such undertakings managers appear strikingly untroubled by the allegedly iron law of competition solely to maximize profits. This apparent violation of the mechanistic dogma of the neoclassical creed led to management theories noteworthy for their sophisticated folly. Instead of lauding managers for altruistic departures from the dictate of profit-maximization and reprimanding them for their more egotistic deviations, not a few theoreticians did the exact opposite: reproaching (as socialistic) all acts of 'altruistic' *Corporate Social Responsibility* (Lantos et al. 2003), while justifying (as incentives) the self-serving squandering of corporate resources.

In the 1980s and early 1990s, the academic *vogue* was to claim that managers *had to* violate the interests of shareholders and society. Deductions from the *homo economicus*-model ushered in such elaborate confusion: Since, according to its premises, managers, too, were but "maximizing agents", forever in pursuit of pecuniary gains, they ought to be expected always to act in a self-serving manner. In a world of strictly rational self-interest maximizers, what could stop managers ("agents") from violating their fiduciary responsibility towards the powerless business owners ("principals")? Such wayward "agents" can, after all, not comprehensively be monitored to keep their contractual promises to act in the best interest of their "principals", as maximum supervision creates maximum agency costs (Khurana 2007).

The restoration of neoclassical orthodoxy was sought, and found, in tying the (supposedly solely selfish) interests of management to the (supposedly solely selfish)

interests of shareholders (Jensen 1993). Clinging to the behavioral assumptions of the *homo economicus*-model, notable economists promulgated that a compensation policy alone "that ties the CEO's welfare to shareholder wealth" could help out (Jensen et al. 1990a). CEOs "prefer to make more money than less" (Jensen et al. 1990b, 144-145), we were informed, and when making corporate decisions, a manager, ever the old *homo economicus*, "compares only his *private* gain and cost from pursuing a particular activity" (Jensen et al. 1990a, 226; italics in the original). When CEOs underperform, we are consequently to make the assumption they had not been paid enough (Galbraith 2004). This *salto mortale* of micro-economic sanity was coupled with a macro-economic partner. Each and all definitions of corporate 'success' broader than bottom-line gains (such as managerial attempts to maintain employment in times of crisis, to make sustained contributions to communities and to ameliorate environmental pressures) must be rejected as a creeping destruction of the rationality and efficiency in business (Sundaram et al. 2004). "This is a serious problem", we are admonished, and in all earnest, because said "successes" might at times "come at the expense of shareholder value" (Jensen et al. 1990a, 252).

With this conclusion, we have come full circle. After – first – reducing the scope of the discipline to mechanistic parameters, management theory – second – shifted the notion of corporate success from the satisfaction of the qualitative needs of society and consumers to the quantitative maximization of shareholder interests, which – third – were counterfactually (i.e., against the manifest evidence of ethical investment funds, ethically-oriented stockholder associations and moral initiatives by numerous individual shareholders), reduced from their multi-dimensional objectives to nothing but one-dimensional goals, i.e. pecuniary gains, in order to reject – fourth – each and every alternative economic purpose that either shareholders or the public might have to the extent that – fifth – corporate action in harmony with social interests could be dismissed as both irrational and illegitimate.

The practical impact of said approach became unpleasantly patent during the economic crisis of 2008/09. The erstwhile boom of all those formally elegant one-dimensional (quantitative) management schemes led to a short-term boon in profit-maximization, which, eventually, turned into a long-term bane for management, blocking its important multi-dimensional (and often qualitative) tasks. Thus did

methodological reductionism induce first an under-complex perception and second an inept management of economic reality. The ensuing crisis was thus endemic. The single-minded focus towards profit-maximization that the adepts of our business schools portrayed before and during the crisis was the consequent outcome of an autistic economics whose barren descriptions of reality blocked the power of moral prescriptions, thus barring any and all ascriptions of moral freedom and corporate responsibility.

Starting Over Again – with Human Nature

It is high time, therefore, to reorient business theory towards the real human being. Instead of describing human behavior, against all empirical evidence, along the *homo economicus* model, determined by a narrow and fixed array of preferences, the wide scope of human interests and their dynamic change, the moral nature of human freedom, and the profundity of human dignity should be moved (back) into the center of management education. The economy, after all, is not a normatively neutral field, governed by technical rationality alone. Since, instead, ethical concerns are of paramount interest for the everyday practice of management and corporate governance, they should also be adequately reflected in management education. For, once the elementary freedom of each economic actor (customer as well as manager, employer as well as employee, regulator as well as entrepreneur, shareholder as well as stakeholder) is realized theoretically, its practical realization can properly be thematized (investigated, deliberated, taught, and managed).

A paradigm shift towards humanistic forms of management is in the interest of firms too. Since their customers may know next to nothing about the stipulations of neoclassical theory but a lot about the requirements of reality, they have forever held managers accountable for their behavior. Public outrage about acts of corporate malfeasance and managerial indifference to perils to the planet rests, precisely, on people's firm conviction that managers are, as a matter of course, capable of being responsible. In real-life settings, understanding ethical *prescriptions* is inevitable for the correct *description* of economic agency. Bereft of ethics, economic theory is therefore as incorrect as it is incomplete. Management education must hence pay better

attention to the both patent and pertinent postulates of managerial responsibility.

Only when academic institutions begin to recognize the eminent societal function of their instructions, can they appropriately take on the social responsibility concomitant to this very function. For the pedagogy of management studies, this means that instead of deducing unrealistic theories from counterfactual assumptions about a hypothetical *homo economicus,* economics should rather observe the real, socially and culturally embedded, and morally oriented human being. More and more voices are currently joining the choir of those who long since hold that economics, as a discipline dealing with human behavior, should work less with methods gleaned from the observation of inanimate physical objects and orientate itself more towards models proven successful in interpreting the lively (inter-)actions of free subjects. Recent advances in behavioural economics, empirical game theory, neuro-economics as well as in various fields of psychological and sociological research on economic agency give reason to hope that tomorrow´s economics will pay more heed to the real *conditio humana*.

Economic actions, to repeat, stem from human agents, who act from a concern for human welfare. This is why the mechanistic anthropology of economics must finally yield to a renewed concern for the interconnected dimensions of human life in relation with nature, society, and culture, with the historicity of human existence and the uncertainty and fluidity of human knowledge. The subjects that drive the economy are not animated maximization-algorithms but beings in deep and manifold relations with their socio-cultural contexts. By replacing the reductionist model of the fictional *homo economicus* with an economics based on the relational nature of the real *conditio humana* we can promote the theoretical as well as practical realization of responsible freedom on part of management. Since the *possibility* of humanistic management results from the human *reality* of business, by becoming more humane, economics stands to become more realistic and relevant too. Let us (re-)turn, therefore, to forms of economic thinking that take aim at human nature.

2. From Prescription to Description: Human Dignity and Human Nature

For most economic philosophers throughout the ages, a normative approach to business, centered on ideas about human nature and its inherent needs, was predominant; the majority of economic authors throughout the ages pondered how conditions favorable to social welfare, personal well-being and moral betterment could be advanced by business and the economy. These qualitative ideals and pursuits were ultimately inspired and organized by the idea of human dignity which provided an overarching conceptual unity to the variegated normative goals of business and the economy. Thinkers from different times and cultural backgrounds have, however, seen human nature and human dignity in diverging ways. Lest contrasting understandings of these ideas lead to a vacuous or an arbitrary interpretation, the conceptual core of the idea of human dignity must be given clear contours. The idea of human dignity can only become operational (again) in business contexts and in management education, if we prevent an excessively wide scope of meanings that would otherwise render us unable to identify certain policies as either in accord or in contrast with the idea of human dignity.

Yet how can human beings from different cultural backgrounds come to an agreement about the meaning and the content of the idea of human dignity, and an agreement at that, which is trenchant enough to facilitate concrete advice for managerial practice? Is there an overlapping consensus on human dignity capable of bridging all cultural divides? In order to answer these questions, I demonstrate in the following first how ancient philosophers established the idea of human dignity on a *metaphysical* basis (a), and how medieval thinkers then transformed their theories thereafter from a *theological* perspective (b). In a next step, I show how modern philosophers tried to rid themselves from both the theological and metaphysical premises, seeking positions based on *critical self-analysis* (c). This reconstruction will expound how the attribution of dignity changed over time; from antiquity, when only some humans were seen as worthy of dignity, via Christianity, which ascribed dignity

to all humans as a result of divine creation, to, ultimately, the era of modernity, which attaches dignity to the individual freedom of each.

Antique Conceptions of Dignity

The conception of human nature, and the tension between its internal dignity and its external vulnerability, is unfolded in various metaphysical systems in Antiquity and the Middle Ages. Common to these positions is the effort to mark out the value intrinsic to human life by reflecting about what makes the human being special and through emphasizing how human capabilities differ from those of other life forms.

Plato and Aristotle, for example, saw in human rationality the hallmark of humanity. Whereas even highly developed animals are ordered about by their instincts, the human being alone seems to be able to transcend desires through deliberate decisions based upon ratiocination. Humans, thanks to the faculty of reason, can act against forces that dictate the life of animals. Human life also seems characterized by an ability to design and pursue a course of life different from the trajectory suggested by past existence, custom, and circumstance. Said ability even allows humans to cancel out the basic drive for survival, defending their rationally construed conceptions of the good life, if need be, by martyrdom or suicide. Therein, i.e. in the power to think and act otherwise than both contextually and instinctively suggested human beings draw on an intellectual realm of reality that patently functions by its own laws. This separate intellectual realm – is it the source of human dignity and its values?

Plato (427-347 BCE), in his theory of the ideas/forms, held that the human being participated intellectually to a higher or lesser degree in certain self-standing ideas or forms of thought that defined the nature of being and yielded a deeper and truer knowledge about life than the physical shapes and objects grasped by our senses. While the latter were only describing the outside appearances of things (*phenomena*), the eye of the mind could penetrate further into the inner nature (*noumena*) of things, seeing their essential qualities. Instead of empirical observation, intellectual participation (*methexis*) in the pure notional ideas/forms brings us closest to the true nature of the things that surround us, Plato concluded. One acts the better, consequently, the deeper one understands the nature of both oneself and of the objects

one has to deal with (Salkever 2009). A perfectly good action depends on perfectly good knowledge, and hence the moral value of a human being is strongly related to his or her epistemic achievements.

The dignity of the human being in general is based upon its ability to live in the principled cognizance of ideas/forms; specific human beings attain their respective dignity to the extent that they live up to this ideal of a theoretical as well as practical excellence (Nussbaum 1998). People, who fail to establish this elevated and stable form of knowledge (*episteme*), are governed not by their own insight but by an ever changing opinion (*doxa*) about the world, based all too often upon the likewise inadequate opinions of others. Theirs then is a life of uncontrollable vicissitudes, since the well from which they draw their orientation is poisoned by epistemic insecurity. Only through surrendering to the superior knowledge of wise authorities can they lead lives without harm to themselves and others. The moral value of their existence depends on leadership through others. Without such guidance their existence will lack proper orientation and dignity.

Different in the premises but similar in the hierarchical outcome, i.e. in the distinction between lesser and better men, Aristotle argued (384-322 BCE). For him, true and sustainable happiness (*eudaimonia*), which he declared the ultimate objective (*telos*) of all beings, can only be attained through a well-ordered life, premised upon a correct employment of practical wisdom (*phronesis*). The task of reason in pursuing the good life is, other than in Plato, less to advance towards perfect knowledge via absolute ideas but rather to interpret adequately the kind of imperfect information that we typically have to deal with in the contexts of human interaction (Kraut 2006). Human rationality realizes itself therefore less through transcending empirical reality and more by making legible its inherent structures and objectives (*teloi*). The prevalent goal is practical orientation for the right conduct of one's life, here and now. The dignity of the human being lies, consequently, in situation-adequate self-mastery; in light of constantly fluctuating circumstances it is advanced by an appropriate understanding of the inherent purpose of one's own existence and of the intrinsic propensities of the manifold beings around us (Dierksmeier and Pirson 2009).

The ability to use this worldly understanding to establish a relative independence from outward influences (*autarchia*) and to live in accord with one's

inward orientation sets the human being apart from the animal kingdom. While animals are slaves to their instincts and environments, humans can transform their outward surroundings just as well as both their habits and their inward desires, if consistently guided by sound ratiocination. Or, can they? Many human beings, thinks Aristotle, lack this capacity of purposive reasoning and rational self-mastery; women in general and men of inferior talents are to him "natural slaves" to those of higher developed faculties (NE 1149a5-12, Pol. 1254b5-1255a2, 1278b33-37, 1285a18-24). Their dignity is lesser than (and hence subject to) that of their natural masters (Ashley 1941).

In Plato just as well as in Aristotle, human dignity is thus predicated on the *actual* use human beings make of their rational capacities. Although the differences between Plato's intellectualistic theory and Aristotle's predilection for practical wisdom make for overall diverging ethics, both thinkers converge decidedly in their dim view of the intellectual talents (and thus the dignity) of the masses. Rational self-mastery was, in their eyes, an option only for few individuals; most people, especially the "barbarians" outside Greek culture, needed outwardly enforced discipline in their lives in order to lead a dignified life. The wise has to lead the unwise; if need be, against the latter's will.

This decidedly anti-universal version of the pursuit of the good life changed markedly with the Roman promulgators of stoicism. Stoic philosophers fused Plato's theory of *methexis* and Aristotle's *teleological* approach into a comprehensive theory of *natural law*. According to the teachings of the Stoa, the world is permeated by universal laws that pre-structure each and all events in the universe. Just as physical occurrences in the outer world are dependent on natural laws, decisions in the inner world of animals and human beings are determined by laws of their respective nature. As little as one can escape gravitation, one cannot escape the laws of one's self. Yet we can use both the laws of gravitation as well as the laws of the human psyche for our purposes; we cannot, that is, work *against* but we can and should work *with* nature. To the Stoics, a life worth living unfolds in harmony with cosmic laws that find reflections in the laws of nature and (the well-ordered) society. Reason serves humanity as the ultimate guide in pursuit of said harmony; and the requisite triumph of provident reason over imprudent passions is held out as possible for anyone, man or

woman, Roman or foreigner. Therein lies the important *universalism* of Stoic philosophy; it advocates a cosmopolitan humanism, open, at least theoretically, to everyone (Forschner 1981).

From a life based upon reason, consistently pursued, results also the dignity of the individual, – seen by the Stoics as the necessary correlate of societal approval, which one earns by self-conduct guided by reasonable principles. In order to free one's mind to the extent necessary for rational self-governance, the individual has to avail itself of an education deep enough to overcome the biases and passions of one's surroundings. In other words, the cultural preconditions to acquire dignity through a truly Stoic existence are quite demanding. Especially in the works of Cicero (106-43 BCE), it becomes clear: dignity is not easily attained at all. As a function of social respect, earned through the art of honorable living according to the strictures of reason, human dignity, while theoretically available to all, is practically attained only by those who have access to a formidable education and exquisite material as well as intellectual resources (Holloway 2008).

Herein we grasp a common thread in the Greek and Roman theories on dignity: its *conditional* nature. While the Stoics broadened the scope of the term of dignity to include *principally* everyone, they agreed with Plato and Aristotle in its narrow *factual* application: dignity had to be earned. Whereas dignity, as a potential, lay within the nature of the human being as such, its actualization was seen as owed to contingent subjective achievements.

Christian Dignity Conceptions

The conditional aspect of the notion of human dignity was superseded by Christian theology. According to biblical revelation (e.g., Gen 1, 26; Div. 83, 54.4 & 74), every man and every woman is created in the image of God (*imago dei*), and thus *unconditionally* approved by their creator. Amended by the Church fathers and ultimately canonized in the works of Thomas Aquinas (1225-1274), this conception became the bedrock for a conception of human dignity that encompassed every person, regardless of their worldly achievements.

For example, in the *Monologion* of Anselm of Canterbury (1033-1109), the argument for unconditional human dignity runs as follows. Every created being partakes in lesser or higher degrees in God's nature. The more developed certain beings are, the higher rank the essential attributes they share with God, and the loftier is accordingly their dignity, viz. their position in the hierarchy of creation (*gradus essentiae dignitatisque*). Human rationality, irrespective of its actual use, thus differentiates humans from animals clearly – through shared commonalities with God – in order to mark out for humanity an elevated status (Duffy and Gambatese 1999). The human being *as such* is hence bestowed with a form of dignity that neither stems from, nor is dependent on human actions.

Describing the human being as a creature of God leads, in short, to the ascription of *unconditional* dignity and the prescription of social behavior that reflects respect for said dignity. Society must consequently be organized in support and defense of the human dignity of all. While scholastic authors affirmed Greek and Roman conceptions of dignity as concomitant to human rationality and the capacity it bestows on individuals to lead a life beyond reproach, they differed, however, in that said capacities were now expressly seen as bestowed upon all human beings by the Creator. And this proved to be a rather important change of emphasis.

Upon encountering South America, some scholars of the late 15th and early 16th century aimed to justify the subordination of its native inhabitants by Western nations, arguing these "savages" might well be considered "natural slaves" in the Aristotelian sense. While fully aligned with the vested interests of the time, this view did not prevail. Too strong proved the countervailing force of the better argument advanced by their opponents Fransico de Vitoria (1483-1546) and Bartolome de las Casas (1484-1566). They argued that since these natives were endowed with reason they had to be treated with the self-same dignity the Christians demanded for themselves (Hanke 1970). While often demeaning and almost always paternalistic in its practical application, this approach for the first time extended the attribution of human dignity both *universally* and *unconditionally*.

The significant gain of the Christian position, i.e., the unconditional ascription of dignity to all human beings, came at a cost, however. Whereas preceding positions often arrived at their notions about the uniqueness of human dignity by comparison

with the (observable) features of animals, the Christian conception comes to its conclusions through a comparison of man with the (invisible) Creator. Hence, the Christian approach makes human dignity derivative on God's nature and thus dependent on theological premises that one may or may not share.

Modern Positions on Dignity

An attempt to arrive at a more independent foundation of human dignity was advanced by the Renaissance thinker Giovanni Pico della Mirandola (1463-1494). In his famous speech on the dignity of man (*Oratio de hominis dignitate)*, he defended the dignity of the human being neither through a comparison with animal life, nor with God. Instead he aimed to arrive at the ascription of dignity by a description of attributes germane to human life itself (Trinkaus 1999). For Pico della Mirandola, the very feature that defined the nature of man lies in the fundamental self-definition of human existence. Each human being is, willingly or not, its own former and maker (*plastes et fictor*). Human beings must ultimately define for themselves who they aim to be.

Later, existentialist philosophers such as Jean-Paul Sartre (1905-1980) expressed a similar viewpoint with the catchy formula that *existence precedes essence*, meaning that nothing but the actuality of human existence is able to define the nature of human life (McBride 1997). Human beings cannot live without a (normative) self-image; and from describing the humanity thus results ascribing to it an awesome power: to re-create itself according to its own prescriptive ideals. This turn from the essence to the existence of the human being, and from its given nature to its self-defined freedom, is typical for the dignity debate in the modern era; and it has *prima facie* plausibility. No matter the use people make of their faculty to redesign themselves, the sheer fact that their very existence is the (at least partial) realization of such designs does indeed seem to bestow upon the human being a unique status. Yet, if thus freedom defines the *conditio humana*, why not directly claim *freedom* as the foundation for human dignity?

Whereas the advantages of said approach are patent – its self-standing, independent foundation in the factuality of human autonomy –, so are its possible

disadvantages. When all human beings are predicated with dignity based upon freedom, without regard for its use for better or worse, does that not unduly restrict our intuitive judgment that there are persons of higher and lesser dignity? Does an endorsement of freedom as the root of human dignity commit us to value all individuals alike?

Immanuel Kant (1724-1804) addressed this problem by discerning between the *relative* value of a given human person according to their moral worthiness and the *absolute* dignity of the human person as such. Kant started by rejecting the common notion that the human being is free first – and then, later, submits (or not) to moral laws. He explains human freedom itself from the ability to realize moral commands, not *vice versa*. The crucial point of this argumentation is the following: If the human being were only (negatively) *free from* natural impulses but not also (positively) *free to* realize a higher, i.e. the moral law, then human freedom would appear merely as an erratic deviation from an otherwise regular (i.e. naturally determined) behavior (Timmermann 2005). Free actions would therefore be wholly unpredictable and we could neither impute them in any meaningful way to their actors, nor assign moral responsibility.

Human freedom, however, is not a chaotic deviation from the determining agency of natural causes. Rather, freedom realizes itself quite orderly, holds Kant, through an alignment of natural causes according to supervening (moral) concepts. It is the call of the moral law, which liberates us from natural inclination by making us free to steer a course towards moral ends. At the same time, the moral law holds us accountable, if we decide otherwise and allow ourselves to be ruled by determining factors of an immoral sort. In other words, through our ability to be moral, we gain freedom – both to be moral, and also, derivatively, to be immoral (Dierksmeier 1998). Hence not arbitrary freedom of choice but our capacity for moral freedom must be seen as the true source of the unique status of the human being and its respective dignity.

Still, it is not factual moral obedience to the moral command that (conditionally) accounts for our dignity but rather the (unconditional) ability to said obedience, even when it does not materialize in moral actions. For Kant, every human being has dignity (*Würde*) – through being able to be moral – but only those who do,

in fact, lead moral lives also deserve the praise of personal ethical value (*Wert*). Consequently, we can and should distinguish between human beings who make an appropriate and an inappropriate use of their dignity, resulting in a more or less praiseworthy character. This twofold distinction enables us to reconcile the otherwise conflicting intuitions that, while we must respect the dignity of each, we should reserve qualified praise for those who lead lives beyond reproach.

Once this crucial distinction is made, we can proclaim that everyone should always be treated with dignity, while some may, in addition, deserve heightened esteem for their particular moral worthiness. While to pay particular homage to the latter remains a duty of individual morality, to be discharged by each upon discretion, general respect for human dignity can and should be organized in egalitarian forms, assured by legally sanctioned norms. Coercive laws, Kant argues, must safeguard human dignity against violations, as the respect we owe to human dignity attaches unconditionally to the human being; it is not conditioned upon the particular lives individuals lead. We need to respect and protect the dignity of human life even in those who, in our eyes, constantly make bad choices.

Respect for dignity means, consequently, respect for the capacity of the human being to define its own ends, ideally but not always actually, in the pursuit of a moral life. Hence Kant demands: "So act as to treat humanity, whether in thine own person or in that of any other, in every case as an end withal, never as means only." (AA IV, 429) That means, we can treat others as means to our ends and serve them as means to theirs, provided that in each of these relations all are regarded and respected as subjects of self-defined purposes; as "end-in-themselves", as Kant puts it. In modern terms, we must never objectify persons because

"[…]that which constitutes the condition under which alone anything can be an end in itself, this has not merely a relative worth, i.e., value, but an intrinsic worth, that is, dignity. Now morality is the condition under which alone a rational being can be an end-in-himself, since by this alone is it possible that he should be a legislating member in the kingdom of ends. Thus morality, and humanity as capable of it, is that which alone has dignity. […]" (AA IV, 433)"

The pledge to respect human dignity became and remains the bedrock for the modern architecture of interpersonal relations. According to Kant, every social

activity, including business, must meet the moral demands this postulate entails (Dierksmeier 2011).

3. Contemporary Challenges

Yet how can we make an inter-personally and inter-culturally valid use of ethical ideas such as the idea of unconditional human dignity in management education? In the present age of globalization, the multi-cultural premises of our social life demand academic theories capable of meeting *postmodern* and *relativistic challenges* to ethical rationales. How can this demand be answered? Which are the values that can provide normative guidance for the normative orientation of business across national and cultural divides?

Relativism versus Universalism

In 1948, the UN issued the *Universal Declaration of Human Rights*, based on a comprehensive consensus of peoples all over the globe on the essentials of all future human legal relations. According to its preamble, the enumerated rights are anchored in the "recognition of the inherent dignity" of the human being. While itself not a legally binding declaration, most of its articles have found equivalent articulation in the *International Covenant on Civil and Political Rights*, which since 1976 does constitute legal obligations for the signatory nations. In specific articles, the international community spells out in great detail what it deems as the both essential and universal human rights, again expressly "recognizing that these rights derive from the inherent dignity of the human person". The implicit assumption of these explicit acknowledgments is, in short, that there can be and, in fact, that there is a global consensus about the nature of human dignity, underlying otherwise diverging cultural and religious backgrounds.

This codified *global* consensus on human dignity notwithstanding, its philosophical foundations are typically being reconstructed from the tradition of *Western* philosophy. While notions of human dignity are operative as well in African

and Asian philosophies and religions (Dierksmeier et al. 2011), the Western philosophical tradition, today as well as at the time when the *Declaration of Human Rights* was formulated, is the voice strongest represented in the discourse about human values. To some, such a predominance of one cultural tradition may seem to discredit from the outset the effort of establishing globally acceptable norms. How, the argument goes, can regional values justify universal postulates? Why should the philosophy of the West dominate the rest? Do we not thus betray in procedure what we affirm in substance, i.e. a global approach to ethics?

Such views confuse, however, the "genesis" and the "validity" of philosophical arguments. Whereas, admittedly, the past and present debate over human dignity is largely influenced by Western sources, this does not necessarily restrict their global validity. Rather, in appealing to human reason in general, philosophical positions from everywhere in the world aim for interpersonal plausibility across all cultural boundaries. One can reject, of course, the underlying idea that there is but *one* human reason operative in all human beings. Yet this rejection itself makes a claim for its respective description of the nature of (a culturally fractured) human reason. The ensuing debate which conception of rationality – pro or contra the unity of human reason – merits our eventual approval takes again place before the court of human reason (Welsch 1988). There, either party may now fail to corroborate its claims with convincing arguments, yet this point can only be assessed *after* a critical examination of the respective theory at hand, which in turn takes recourse to the self-critical potentials of human rationality. In short, there is no way to decide the debate about the cultural relativity of rational standards other than through the universal employment of the very capacities of critical human reasoning, whose universal character the relativists so staunchly deny. Ethical relativists, to avoid self-contradiction, can coherently defend their position only by refraining from claiming interpersonal validity for their own arguments. For that reason, however, nothing compels anyone else to follow the relativistic train of thought rather than rationality conceptions of a more comprehensive scope.

In view of today's global problems, this outcome must count heavily against ethical relativism. Global problems often require for their solutions global institutions and worldwide normative agreements. The burden of proof lies hence much more on

positions that reject cosmopolitan perspectives than on those who try to tackle the common problems of humankind from any one integrative perspective. Moreover, since only some – not all, nor even most – Non-Western philosophers reject universal principles, ethical relativism also does injustice to those Non-Western thinkers, who explicitly wish to be part of the cosmopolitan project. Philosophers such as Amartya Sen demand that thinkers in Non-Western countries be taken seriously, who argue against certain (restrictive) values of their own region and in favor of (more emancipating) global principles (Sen 2006). Their dissenting voices can be seen as a *de facto* contradiction to the assumption that different contexts necessarily breed diverging views. Cultural stereotypes must not let us overlook foreign advocates of the idea of human dignity. Worse than the imperialistic imposition of rights to protect human dignity is, surely, a relativistic acquiescence in their oppression.

Since Western philosophy forever aimed to speak to all human beings, and did so in a continuous discourse reaching from Plato until today, we are well-advised not to focus on the limited geographical realm of its origins but rather on the unlimited scope of the ideas it tries to promulgate. The answers of Western philosophers to questions about the nature and meaning of human freedom, responsibility, and dignity need, of course, not uncritically be worshiped as ultimate capstones of human wisdom, but they should be seen as important stepping stones for a global debate about the true values of human life for all world citizens. The *procedural* character of this qualified endorsement of Western postulates about human dignity is all-important; it demands to integrate everyone to participate in their making {Carver, 2010 #2372}. Such participation serves not only as a normative touchstone but also as a pragmatic yardstick for contemporary decision-making in business and society. Both the validity and the success of complex interactions hinge ever more on the involvement of all stakeholders.

Procedural Humanism and Higher Education

How then shall we translate these demands into concrete guidance for a future humanistic management education? Again, a glance back in history can provide useful orientation. Already in its days, Kant's philosophy triggered wide-reaching reflections

about the right way to teach and to research. In the early 19th century, several German scholars discussed intensively the adequate role and "method of academic studies". Foremost among them were Friedrich Schiller (1759-1805), Friedrich Immanuel Niethammer (1766-1848), Karl Christian Friedrich Krause (1781-1832), Friedrich Schleiermacher (1768-1834) and Friedrich Wilhelm Josef Schelling (1775-1854). Their debate on the purpose and methods of higher education inspired Wilhelm von Humboldt (1767-1835) to design the renowned university concept that carries his name (Hübner 1983).

At the core of these discussions was the distinction between a *humanistic* and *functionalistic* understanding of education (Weisz 2005). Against conceiving of higher learning as a mere means to worldly success and thus reducing its value to its function for achieving material goals, the German philosophers located the true value of education in expressing human dignity, perfecting understanding, fostering empathy for and participation in the lives of others (Schiller 1790). From this humanistic understanding of education followed the desire to integrate academic studies so that eventually each discipline would not only contribute to its own narrow field but also to the forming of better human beings and to the progress of human society at large. It was deemed imperative, for instance, that each and every academic subject honors the dignity of the free human mind by conveying to students the skills requisite for critical self-reflection and a moral comprehension of their respective discipline (Schelling and Ehrhardt 1974). Such intellectual penetration and evaluation of the contribution of their studies to the whole of human society demanded from the students the development of critical reflective capacities. These they could only hone, it was argued, when self-guided, independent research became a central part of their schedules; hence Humboldt´s advocacy for the intrinsic unity of research and teaching (Spitta 2006; Wicke et al. 1997).

Today again, demands for an education that combines breadth and depth and parses sensitivity for moral concerns are being advanced (Benner 1990). For today we are facing a pedagogical landscape as negligent of its social contributions and obligations as it is oblivious to the idea of human dignity in its understanding of the purposes of higher learning. Several contemporary scholars have thus undertaken to translate Kant's ethics into mandates of a new management education. Their endeavors

gravitate around the attempt to employ the resources of business and business education in order to foster conditions for free human agency in pursuit of the good, while staying away from projects that block ethical advances or steer the human being away from self-realization in moral freedom (Bowie 1999). Inspired by Kant's notion of dignity, authors such as Amartya Sen reject the terminology of human *capital* or human *resources* (Sen 1985), and recommend to reconceptualize business around human *relations* and human *capabilities* (Boselie 2010). From their theoretical as well as practical role as passive objects, humans need to be reinstated in the system of economic interactions as its active subjects. Human beings must hence never be accounted for as mere cost factors or labor suppliers, i.e., secondary factors in an economy geared to primarily quantitative goals. Rather they need to be regarded as the primary qualitative objective of business.

If we rethink economic transactions fundamentally as human relations, we cannot but notice that human beings are truly what the economy ought to be concerned about first and foremost; business must throughout serve the goals of humanity, not *vice versa*. Some scholars advocate, consequently, a thoroughgoing turn towards stakeholder-models in business based upon Kantian respect for human autonomy (Evan and Freeman 1988). They argue the best way to respect personal dignity is to involve people in the decisions that concern them. Those, who hold a stake in the dealings of a firm, should hence have a say in their decision-making. Yet beyond proclaiming stakeholder-democracy as requisite for the improvement of organizational behavior in the public realm as well as in the domains of business (Ellerman 1992), we also need to translate the idea of human dignity and its inherent rights into sustainable procedures of collective action and decision-making that assure the active participation and, where impossible, at least the passive representation of all concerned (Turnbull 1994). How organizations recruit and treat their employees or into how corporations deal with customers and the public (Greenwood 2002, Maclagan 2003), hinges, however, in large part on their conceptions of their stakeholders and hence on how business is being taught to future managers. As the intellectual realization of the importance of human dignity furthers or hinders its practical realization, a re-orientation of management pedagogy towards qualitative and ethical considerations is needed in order to set into works the ethical turn in management education which,

expressed in the *Principles for Responsible Management Education* (PRME), is since 2008 the pronounced objective of the world community.

Paramount to all such endeavours is, however, that no singular normative approach is being touted as the one and only dimension valid for each and every concern. At bottom not only of all economic practice but also of economic theory is and must remain the free human choice of what matters most (Dierksmeier 2003). Since the criteria we elect in order to evaluate economic goals rest ultimately on the indispensable foundation of human freedom, we must stay clear of a *technocratic* understanding of economics that beclouds the choices implicit in economic reality. Instead, we ought to progress into a new era of *democratic* economics, where economic freedom becomes aware of itself and begins to make a self-reflective use of its capacity ever to suggest alternatives to the factual as well as epistemic *status quo* (Sen 1998).

Today's research and teaching efforts should thus be directed towards finding and promoting better qualitative definitions of corporate and economic success. We must move away from past concerns for *quantitative liberty* (maximization of the freedom of choice, realized by a more-over-less attitude towards financial means) alone, towards more respect for *qualitative liberty* (optimization of liberty through the protection and promotion of socially and biologically sustainable freedoms) in business (Dierksmeier 2007). For when an open discourse about the qualitative aims of society defines the quantitative goals of economic politics, academic management theory can help design and spread the appropriate parameters to advance in the direction of such goals (Lowe 1977). Through the idea of qualitative freedom, we can provide management education with requisite normative tools that help students to employ quantitative methods in the service of qualitative evaluations arising from well-reasoned, circumspect, and balanced judgments on the pressing concerns of humanity (Dierksmeier and Pirson 2010). Instead of relegating ethical deliberations to CSR and business ethics courses at the margins of the curriculum, only by allowing said paradigm change to transform the *entire* realm of business theory can a renewed management education truly effect the social changes that so many today await from the impending era of humanistic management.

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