

Synthesis of People for People Caucus

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Core Question: How can business schools in the East and West prepare students for challenges that link “value creation” and service to society? The answer, we believe, is the concept of “people for people.” “People for People” describes the humanistic mission of all management: human beings helping others. This symposium envisioned a network of scholars sharing research in new kinds of curricula for future leaders.

Business legitimacy depends on public confidence in business, a problematic condition during the first decade of this century. Business executives took on enormous amounts of risk in finance and operations alike. The financial scandals involving Enron, WorldCom and others in the early years of the decade were eclipsed by the global credit-bubble financial crisis only five years later. These problems were recently highlighted in Michael Lewis’ (2010) new book *The Big Short*, which examines the ways in which the financial services industry is disconnected from the aspirations and needs of real people, operating with no regard for the human dimensions related to what happens in financial markets.

During the last several years, both business and the society have undergone enormous changes. A few key examples may illustrate this: popular movements that have produced regime changes in the Arab world, the oil spill in the Gulf of Mexico, the nuclear catastrophe in Japan (see e.g., Gilding 2011), and recent social movements as, for example, in UK or India. All these changes have shown us that it is not single actors who are salient, but rather networks of actors (e.g., Mahoney et al. 2009; Savage et al. 2010). Indeed this interconnectedness is the key feature of today’s reality. In such interconnected networks, actors, which one-sidedly pursue their own interest, can create considerable damage that is potentially higher than in a less connected world. At bottom, the question is whether business schools play some important role in creating that disconnection—and, if so, what needs to be done about it to change the situation in the future.

One consequence of these tumultuous events has been the serious questioning of whether business education has failed to address the root causes of these ethical issues. Discussions about a new understanding of strategic management, the theory of the firm and the capitalist system take place regularly at the annual meetings of the *Academy of Management* and other professional gatherings. In this context, business schools and faculty are critically reflecting on the dominance of the traditional economic paradigm.

Business schools in the East and West are responsible for preparing new generations of leaders for a networked globalized society. In such a globalized world, people are increasingly voicing their interests and aims in groups or organizations, and are even combining these interests and aims in new different organizational forms (e.g., CSOs or NGOs). Value creation consequently is linked through different interests, knowledge and experience, which in turn also re-defines the role of leaders in firms but also that of stakeholders (Freeman et al. 2010; Post et al. 2002; Sachs et al. 2011; Waddock, 2008). These continuing challenges are moving people and institutions inexorably toward a new paradigm for future value creation. Therefore, we have to leave the "intellectual comfort zone" of teaching much as Corley and Gioia (2011) are challenging the new generation of theories, and carefully look at the way business schools are designing their curricula. There is an increasing call that also the academic system should reflect its incentives guiding academic research and publication toward so-called 'A' journals without enough focus on importance of novel ideas, relevance or impact of insights and research findings, and links between theory and practice, to name only a few problem.

At the same time, there are some hopeful signs, e.g., the work of the leadership of the *Academy of Management (AoM)* in attempting to foster a new management scholarship and education paradigm over the past 15 or so years, the emergence of the Positive Organizational Scholarship research and teaching streams, and the Network of Leadership Scholars, which is attempting to bridge the theory-practice divide (along with the practice orientation of one of AoM's interest groups). External to AoM, there is the 50+20 initiative, which is trying to develop new forms of management education, the Principles for Responsible Management Education (which now has 400+ signatory business schools) (e.g., Rasche 2010; Waddock et al. 2010), the GOLDEN research project, and the Network of Humanistic Management Scholars, among many other initiatives.

The focus of the caucus was generally to assess whether there was sufficient interest in the core challenge of nurturing humanism in management/business education by creating a network of interested scholars, or, more ambitiously, a social movement around the topic. Underpinning this idea is the understanding that what business schools do in educating future leaders and managers, as well as Ph.D. graduates, actually does matter. As educators of future leaders and citizens of the world, we must foster teaching and research that contributes to the humanistic mission of "people for people."

Insights from supporters and Participants

Content of the concept “People for People” (Part 1): Do management education institutions have a responsibility for teaching and spreading a new understanding of value creation of firms? Where does business education currently stand in terms of re-focusing on “PFP”?

Contributions:

Academic institutions and faculty members are eager to improve their rankings, and scholars are motivated by the numbers of citations, A-type research journals, placement etc. Numbers become the objective themselves instead of value creation for the people or even the more general relevance of research. However, there is hope: there are changes in the content of the speakers of the *Academy of Management* considering more human aspects. Professors are free to engage themselves in “People for People;” they just have to do it.

We are missing a humanistic element within business education. Usually people are looking for meaning in their work. But separation, dualism (home-work separation, work-life, mind-body, and so on), is more the norm than integration. Yet our students are curious about our lives, the real decisions we face and activities with which we are engaged. But there are policies that separate faculty and students. We hope to educate undergraduates and MBAs about how to lead, how to work well with others, how to accept responsibility for their decisions, and about organizational behavior and management, but then many of them go over into the finance and consulting ‘machine,’ and watch it go on in a business as usual manner. The following questions have been raised in the discussion:

- How can faculty and b-schools be motivated to consider more the humanistic aspects in research and teaching?
- As students are interested in our lives and we are role models to a certain extent, how should we prepare us for this expectation?
- How can we change the motivations of teachers?
- How can we educate the educators?
- Why do so many senior scholars say: Now I am at a point in my career where I can do what I want? What does that mean for the business schools and especially for the junior faculty and the relevance of tenure policies?
- How can we help students if they have severe personal problems?
- We are encouraged to maintain the boundary between the faculty and students: are the costs too high, and, if so, how can we change that?
- How can we open the universities to all kind of stakeholder groups to learn from each others?
- Ph.D. study is heavily weighted towards individuals and not collectivism. Do we need better balance, and, if so, how can this balance be changed?

Interconnection between research and teaching (part 2): Do appropriate theoretical concepts already exist for a new understanding of strategic management concerning human concerns? What processes would be effective for making it clear to our business students how difficult the creation and the distribution of value really are? How might the role of public-private collaboration, and different forms of governance be incorporated in business education? Do we need new methods or formats in teaching (e.g., case studies, speakers from NGOs and business, social media, creative arts and drama, interest clubs of students etc.) to think about management?

Contributions:

There is a need for a theoretical basis on which to think about integrating humanism into management education. Organizations are built around people, but typically our theories are not. What would a humanistic theory of the firm look like beyond behavioral economics and economic theory? To what extent is there a presence of human beings in strategy and economic theories from which we can teach? Strategy may be moving slightly in that direction (e.g., re-thinking the ideas of Kenneth Andrews' *Concept of Corporate Strategy*; a 2006 AMR article by Heli Wang and Jay Barney shows that management insights based on real options logic for physical assets do not necessarily apply to *human* assets.

Though there is still little discussion even of leadership or decision making in the largely economics-based theories of strategy that are dominant, vs. older models that incorporated human aspects. For example, Koontz & O'Donnells (1964) text focused on the process of managing, but that emphasis is largely missing in contemporary management texts.

Generally our models are de-peopled from a research perspective, so we need to bring people back in both in research and in teaching. The following topics have been emphasized from the participants.

- Which sound theories do we need in management to support the humanistic mission “People for People”?
- What would be a new paradigm that provides a humanistic perspective? The ‘big four’—business, politics, education, and religious institutions—all need to be re-thought so that they are conceived as conveyer belts of development, so when someone enters an organization, we can start where they are at and deal with them individually, no matter how big the institution. Therefore the question arises how do we create values for our lives (business, education, politics, and religion)?
- Accounting rules, rewards, systems, and the structure of measurement, including what, why, and how we measure, need to be reframed and reformed. Accounting rules are not humanistic (and bear some blame for the Global Financial Crisis). The worst heuristic in accounting from a humanistic perspective is: if it cannot be measured, it does not exist. We cannot ‘measure’ the human contribution to the firm, therefore it does not get into the balance sheet, and therefore people are rewarded in firms for misguided results. How can we develop and incorporate new ways of measurement into the accounting system. How can we make those measurement systems (e.g. the Global Reporting Initiative) that have developed indicators for measuring the human contribution to the firm more relevant?

- There is a sense of frustration in engagement with big companies and projects that, in a way, ‘get’ corporate (social) responsibility, but then do not care about the ways in which they are bankrupting small (local) communities, their employees, or the natural environment. How can we/they simultaneously ask/research/protect the status quo and ask what type of future we want for our children?
- How do we have to redefine prosperity and growth and what is the precise definition of sustainability (currently, there are over 200 definitions of sustainability) in a “People for People” perspective?

We are disconnected in several ways:

- People are individually ‘plugged in’ to their own digital devices but are not connecting sufficiently on a human level, a phenomenon captured by the idea of “bowling alone.”
- There is a disconnect between psychology and organizational behavior,
- There is a huge disconnect between professors and students,
- There is too much emphasis on competition and individualism, and there is not enough consideration of collectivism and collaboration.
- Financial markets are disconnected from the real economy (Wall Street vs. Main Street)

How do we overcome these disconnections?

“People for People” is a complex issue and takes place at three levels: individual, organizational and society:

- *Individual level.* We do not have proper programs to help people solve these problems. E.g., we could develop a new profile of Ph.D. students, with a much more liberal arts base integrated into their education. Currently, only exceptional people are able to reach that level in their lives. We could design new liberal arts-business programs to achieve integration.
- *Organizational level:* There is a lot of learning, experiments, empirically-based information to build in new ideas.
- *Societal level:* There are international groups already working on these issues. A global-world will not work with different rules in different countries, some global institutional framework of the same roles (global governance). Currently, there is a huge crisis, with all the protests, deep dissatisfaction with how the system is working, but people do not know how to deal with it or even understand it.

- *Natural Environment:* We care about people and nature, and humans cannot live without nature. The anthropocentric view that we are discussing suggests that sustainable value for business in society is important (see the Stockholm Resilience Centre paper on how we have surpassed capacity for resilience, some other planetary limits are surpassed, e.g., biodiversity diminishing, complexity) (<http://www.stockholmresilience.org/>).

Standards and institutions: What standards exist that contribute to the humanistic mission “People for People”? How could such standards be implemented? What (new) ways could be considered?

An overview of all the initiatives is required which are currently seeking in the direction for a new understanding of management for business schools and how they complement each other for a humanistic mission in teaching and research. There are numerous initiatives for humanizing management (education, research, and publication) but they are disconnected from each other and need to be connected and communicating. E.g., the first principle of PRME (Principles for Responsible Management Education) is that we will develop the abilities of students to be future generators of sustainable value creation for society at large. PRME is inviting those scholars that seek to contribute to “People for People”. We need to create/find an overview of different related initiatives, and make the linkages. The issues we face are complex with multiple levels of analysis, including the reality that our own universities and institutions have their own issues and difficulties.

Related Initiatives that could create a real social movement if connected somehow

- PRME (Principles for Responsible Management Education, Jonas Haertle) (<http://www.unprme.org/>)
- 50+20: Business Education for the World (GLRI, WBSCD, and PRME); GRLI = Globally Responsible Leadership Initiative; WBSCSB = World Business School Council for Sustainable Business (<https://www.grli.org/index.php/component/content/article/53-latest-news-/248-5020-report-on-the-future-of-business-education->)
- GOLDEN (Maurizio Zollo) (<http://www.goldenforsustainability.org/about-us/management-team/>)
- Network of Humanistic Management Scholars (Claus Dierksmeier and Michael Pierson) (<http://www.humanetwork.org/index.html>)
- Positive Organization Scholarship (Jane Dutton, Gretchen Spreitzer) (<http://www.centerforpos.org/>)
- Network of Leadership Scholars (Mary Uhl-Bien, Mary Sully de Luque, Kim Jausi, Nagaraj Sivasubramaniam, Chris Dembek, Laura Erskine) (<http://aomweb.pace.edu/lig/>)

- Network for Business Sustainability (Tima Bansal) (<http://nbs.net/>)
- One Planet MBA (<http://business-school.exeter.ac.uk/mba/>)
- Conscious Capitalism Movement (Raj Sisodia [Bentley], Ed Freeman [U VA], John Mackey [Whole Foods], <http://consciouscapitalism.org/>)

Questions Going Forward

How do we bring humanistic commitment to life in our institutions, work, and professions? What do we need to research/determine underlying causes and bring these causes to the forefront of our research and teaching agendas? Making connections and creating new ways of thinking that are more humanistic is important.

How do we continue the conversation?

First steps:

- Create a PDW session for “People for People” in Boston at AoM 2012.
- Develop an All-Academy Symposium in Boston at AoM 2012.
- Clearing house for initiatives on AoM connect “People for People” and on Facebook site “People for People”
- Create a resource center accessible to others, including students on AoM connect “People for People” and on Facebook site “People for People”

Further suggestions by participants:

- Structure a network? Communicate our research and ideas. Make it accessible.
- Future event at AoM (be sure to bring in Southern as well as Eastern voices, may need funding assistance to do so). Identify related issues in the program for AoM (other conferences?) and create a thematic program that can be widely distributed (e.g. as ‘tracks’ already do with SIM tracks or the AA program).
- Create reports on schools that are attempting to bring principles into action (e.g., PRME). Bring that to AoM. Possibly through a new interest group, division, or perhaps a formal network that crosses boundaries).
- Conferences: self-organizing conferences, some we already attend, and others that might be new.
- Think about the language barrier. Not everyone communicates in English.

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