Principles and practices of humanistic management

What does it mean to be an ethical businessperson? This is a contentious question, because there is no consensus about what code of ethics applies to commerce and economic life. Milton Friedman declared that the sole ethical – and practical – aim of a business was to maximize profits within the limits of the law. When speaking of publicly held corporations, business and economic thinkers sometimes render this as the theory of ‘shareholder value’ – the purpose of a business’s managers is to maximize its value to shareholders, which in practice means its profits, dividends and share value. Since the Global Financial Crisis, however, these views have been discredited by notable academics and business leaders alike (Mirowski, 2013). Notably, Dr Benito Teehankee, holder of the Jose E. Cuissia Professional Chair in Business Ethics at De La Salle University’s Ramon V. del Rosario College of Business in Manila, strongly advocates shifting away from the theory of shareholder value. During the last 15 years, Dr Teehankee has conducted extensive research into the importance of businesses conducting their operations in a humanistic and socially responsible way. His research findings have driven his advocacy for fundamental change within the education curricula for management, national corporate policy and professional management practice.

THE RISE OF CORPORATE SOCIAL RESPONSIBILITY

Recently, the notion of ‘corporate social responsibility’ has made progress in the business world, through which corporations deliberately pursue socially beneficial ends. The pandemic has hastened the shift toward a stakeholder model of corporate capitalism, following the US Business Roundtable’s move away from shareholder capitalism and embrace of the stakeholder concept in 2019. The World Economic Forum has released a set of stakeholder capitalism metrics in September 2020.

In the Philippines, there are considerable legal, moral and cultural traditions arguing for a more socially responsive commercial ethics. Dr Teehankee has furthered our understanding of the alternatives to the ‘shareholder value’ perspective. His critical realist action research and advocacy work outlines this shift in perspective towards humanistic ethics, in which corporations are encouraged to maximize their contributions to the ‘common good,’ and to nurture the human development of their workforces. Dr Teehankee works to embed ‘humanistic corporate governance’ and ‘humanistic management’ in business-school curricula, where ‘shareholder value’ doctrines traditionally hold sway. He has successfully lobbied for recognition of the broader interests of society in Philippine corporate regulation.

Dr Teehankee advocates that businesses have a social responsibility to the communities they serve and neighbour. Firms must consider the environmental implications of their operations; they should foster high standards of employee welfare and design products and services that adhere to the spirit, and not just to the letter of the law. Dr Teehankee notes the importance of the boards of corporations setting strong humanistic and socially responsible policies and ethics. Specifically, this involves a holistic decision-making and policy-setting approach that considers the needs of all stakeholders (Fig. 1). Senior leaders must then role model the desired standards and behaviours, so they embed an ethical and socially responsible approach into the culture of the organisation. The significant corporate scandals of recent times, such as Enron and WorldCom, demonstrate how corporate governance practices are subject to mismanagement unless a socially responsible culture exists organisation-wide.

Dr Teehankee’s work favours the notions of stewardship and consideration of a business’s broader stakeholders. He devotes his corporate governance contribution to Essentials of Investments (2018) to explaining how regulatory changes and corporate culture can encourage a genuine internal commitment to corporate social responsibility. More stringent regulation can encourage companies to operate in a more socially-responsible manner. However, the businesses that genuinely embody ethics are the ones that embed this ethos in their culture, so that employees at all levels are encouraged to report inappropriate behaviours and abide by the spirit of the regulation.

Dr Teehankee advocates for a stronger stakeholder orientation in Philippine corporate governance practice through several business columns...
importance of labour in the articulation and thriving of the human personality. ‘Humanistic entrepreneurship’ describes three, progressively better, forms of labour management: ‘Instrumentalism,’ defined as ‘working through people’; and ‘Humanism,’ the approach Dr. Teehankee advocates, the practice of ‘working with people’. Specifically on nurturing the full development of their human potential (Teehankee 2008a: 98–99). Dr. Teehankee argues that managers need to move away from viewing workers as another factor of production that needs to be monitored and optimised for productivity and efficiency. Instead, they should support their workers to meet their needs as human beings, including their physical and mental health, intellectual development, emotional growth, aesthetic experiences, social connectedness, moral and spiritual dimensions (Fig. 3).

In ‘Managing for Good Work,’ (2020), Dr. Teehankee describes how De La Salle University’s business school constructed an action research course within its MBA program along these principles. The MBA is focused on developing ethical commitment to human development, change agency skills, and a critical realist understanding of management science. He provides an example of one MBA project that deals with chronic workplace discomfort. However, Dr. Teehankee recognises that MBA programs might struggle to integrate action research into their curricula, accrediting bodies might question the need for the courses, and students may shy away from challenging but more substantial topics. Dr. Teehankee suggests several measures to enable an easier integration, and he calls on business schools to train academic staff in the action research process, so that they become comfortable with the method. To meet the requirements of the accrediting bodies, business schools should undertake “a rigorous follow-up study among its graduates” (2020:127). Finally, MBA programs should encourage students to take a more critical stance towards orthodox business practices.

CONCLUSION
Building on his critical realist action research, Dr. Teehankee strongly advocates humanistic management practices that place workers’ needs front and centre. Private business is among the most potent forces in our changing world. The leaders of enterprises large and small exercise immense power over the day-to-day lives of billions, the overall health of the global economy, and the environment. To shape the world we want to live in, we must influence the thinking and actions of these business leaders. Dr. Benito Teehankee’s work is a determined, value-driven effort to integrate ethical, humanistic thinking into the development of the business leaders of tomorrow.

Benito Teehankee’s work is a value-driven attempt to integrate ethical, humanistic thinking into current business practice and the formation of the business leaders of tomorrow.