

Alternative Growth



Prof. Dr. Harry Hummels

 **Maastricht University**



Introduction¹

Our world faces several crises – ranging from geopolitical crises to a climate crisis, a biodiversity crisis, and an ever-increasing unjust distribution of economic, social, and environmental benefits and burdens across the globe. These problems are man-made and urgently call for substantial action. And that is where the silence comes into our overly noisy world. Our leaders ignore problems, postpone actions to resolve them and when they ultimately act, it is often too little, too late. Free-market economist Milton Friedman already insisted that there is no such thing as a free lunch. There is always someone who pays the bill, and it is often not powerful companies who pick up the tab. Economists use a specific phrase for this: “externalities”. It means that the person or organisation causing the negative effects, does reap the economic benefits but passes on the cost to society. It causes a direct loss of wellbeing for society, our planet and deprived groups and individuals.

Alternative Growth is not a plea for degrowth or for limiting the profitability of business. Profits are a *conditio sine qua non* for economic, social, and environmental development and innovation. What makes humane organisations different is the way in which they contribute to the creation of value(s) in our society. They are values-driven and are concerned with the wellbeing and flourishing of others. They work on the basis of mutual trust and actively involve their stakeholders in the production of goods and services, the provision of employment, and the creation of value for society.

Beyond instrumentality

If there is one thing today that characterizes most governmental, non-governmental and business organisations, it is an instrumental approach to human and non-human life. The fundamentally exploitative character of our economic activities puts the live of humanity and of Mother Earth at risk. Fortunately for us, slowly but gradually the tide is shifting, and there are clearly signposts along the way. A few good companies indicate that change is coming, ranging from small companies to multinationals. Unlike many of their peers they put ‘the other’ centre stage. When I say, ‘the other’, I refer to both human and non-human beings and to the planet. Reaching out to them, making a connection, listening to what they say instead of predominantly speaking ourselves, balancing their arguments and giving feedback to others on the input they gave, might be the start of a new communicative era. An era in which others are treated with respect and invited to actively contribute to collective decision-making. This new dawn may be rising in all forms of organising. Nevertheless, at the core of the companies that I studied I found slowly but steadily emerging attempts to humanise business. For many, this may sound as Corporate Social Responsibility (CSR) 2.0. As I will show, it is not.

Humanising business and CSR

Humanisation and corporate social responsibility are different concepts, but they do complement each other well. They are merely two sides of the same coin. CSR is concerned with social and environmental challenges, requiring companies to act and prevent and minimize harm and to compensate for the damage done. Think of climate change, a declining biodiversity, lack of inclusion of disadvantaged groups, increasing societal inequality, excessive work pressure, or employee absenteeism. CSR is concerned with the question of **what** the organisation does to prevent causing harm to stakeholders, or more positively, to contribute to their wellbeing.

¹ This essay on humanising and creating humane organisations is based on a publication that I wrote with Erik Hilgers. It was published in the Netherlands by Van Duuren Management in December 2022 under the title of *Anders Groeien* and can be accessed via https://www.vanduurenmedia.nl/EAN/9789089656667/Anders_groeien.



Humanising business, on the contrary, supports social and environmental objectives that promote sustainability, fairness, and inclusion, but the pursuit of human interest is not what makes humanity great. In the words of Mahatma Gandhi:

"The greatness of humanity is not in being human, but in being humane."

Applied to the world of business, it means that this greatness is ingrained in the fibres of the organisation and is expressed in the way it treats others. The organisation treats every single person with respect because of who she, he or it is, irrespective of her, his or its gender, age, colour, religion or other belief, identity, or disability. Respect is also unrelated to her, his or its contribution to the common objectives of the organisation. In other words, humanisation is concerned with **who** the organisation is in relation to others and **how** it engages with others based on values that express a deep sense of humanity. This sense of humanity is not only directed towards fellow human beings, but also towards non-human being and the planet. Humanisation calls for a thoroughly inclusive approach towards others and the interactions between the organisation and the multitude of its stakeholders. To develop and implement a humane climate, the organisation starts with creating a context or an environment in which stakeholders are invited to share their ideas, needs, interests and concerns, where they are and feel safe to speak, and where they can be assured that their voices are heard. A true humane organisation extends this invitation to stakeholders beyond contemporaries without erecting a divide between humans and non-humans. It engages in a meaningful dialogue in which it carefully listens to others, hears what stakeholders say (or what is said on their behalf if they cannot speak for themselves), weighs their arguments and responds in an open and constructive fashion. The activities and the behaviour of humane organisations are guided by a deep sense of identity and of values that express a concern for justice, inclusion, and sustainability towards fellow human beings, other living creatures and planet Earth. To put it more succinctly:

Humane organising entails "the commitment to the well-being and flourishing of others".

From Golden to Platinum Rule

Immediately, the question emerges how one would know what contributes to their well-being or flourishing if it is not through explicitly asking others what they truly care about, what they consider to be their needs and what they hold to be in their best interest? Chances are that you'll end up being just a paternalistic know-it-all if you do not openly engage with them in an open, meaningful dialogue. Despite this fact of life, executives and senior managers often pretend to think that they know what moves their employees, their customers, their suppliers, their neighbours, or other relevant stakeholders – including Planet Earth or nature in general. Mirroring their own needs, interests, and view of the world, they assume that what is good for everyone else is good for the individual other. The motto here is: "Treat others as you would like to be treated by them". And often that is well-intended. This Golden Rule should, however, be a cause for concern and sometimes even alarm. We do not, and as a matter of principle, also cannot know the other, even though we often think we do. That even counts for one's closest relatives. So, treating others like you would like others to treat you does not recognize the personal, cultural, ideological, but also material background of the other person. Several decades ago, Canadian political thinker Michael Ignatieff wrote an inspiring booklet, *The Needs of Strangers*. In it Ignatieff describes his revelation when he learned that several poor elderly people in his neighbourhood needed of different things than he assumed. Everyone needs food, clothes, or a roof over one's heads, Ignatieff writes. But his neighbours were often more in need of a simple chat, a little help with the groceries or a pat on the back. Acknowledging and respecting others as they see and present themselves is therefore at the heart of humane organising. It implies a move from the Golden Rule to the Platinum Rule:



Do unto others the way others want you to do unto them.

Ancient Greece

A focus on humanising and on humane organising within the boundaries of our ecosystem is not new. It goes back to ancient times. In Ancient Greece this was called agape – as one of four types of love for others. Obviously, also today many people feel passionate about the flourishing of their relatives – from grand-parent to grand-children and those in between. Also, we care for the wellbeing of friends, colleagues, neighbours, members of our favourite club, and so on. On top of that, we even feel compassion for people we do not know, but whose fate touches us. Just think of the vulnerability and the suffering of the victims of a natural disaster or war. When humanitarian organizations call on us, we often donate to charity or to emergency rescue teams. Our involvement in the wellbeing of others even extends to the natural ecosystem – not seldom because the system is a precondition for human and non-human living on this planet. Especially now that the climate is changing rapidly, we increasingly become aware of the consequences for our living environment, that of our children and of future generations. Focusing on the wellbeing of others is not restricted to our personal lives. Also, in our working lives in a business environment we show a sense of agape, as research shows.

A focus on wellbeing in the Dutch business community

Joint research of the universities of Maastricht and Utrecht surveyed management boards and works councils of about 3500 companies with over one hundred employees. With a response rate of almost 17 percent, the study is representative. Respondents provided two messages. First, companies attach great importance to the wellbeing of their employees. This concerns the personal development of employees, their autonomy in the workplace, their interaction with colleagues and the security of their job. On a scale of 1-10, respondents score an average of 8. No significant differences between management boards and works council members were found in their scoring. However, companies are less inclined to invest in the wellbeing of employees who are older, less educated and those with flexible employment contracts. Scores significantly surge, however, in companies with relatively many young people, on average high levels of education and a high percentage of permanent contracts. Also, organisational culture contributes to an increasing attention given to wellbeing. That is, when management feels responsible for a climate of wellbeing and where management and Works Council have a good relationship employees usually flourish more. Second, companies indicated a clear interest in promoting the wellbeing of their employees in the future – and for good reasons. Companies with a high scores on wellbeing have more satisfied employees, lower absenteeism and staff turnover, and a higher productivity.

What humane organising entails

Humanisation of organisations starts at the top with its leadership. The board is responsible for creating a climate or a culture in which stakeholders feel invited to participate in collective decision-making processes. As a result, management should demonstrate a willingness to listen to stakeholders, consider all arguments pro and con, and take a balanced decision. Moreover, however, it should create an environment that actively stimulates and facilitates relevant others to share their ideas, concerns, needs, and willingness to proactively contribute to their own development, that of the organisation and of the wider ecosystems of which the organisation is part. Ultimately, humane organising calls for a reversal of thought. It does not start with the preconceived ideas of management about the wellbeing and prosperity of the other, but with enabling stakeholders to express themselves. It is about creating an environment in which the other person is invited and allowed to speak freely and about a willingness on the part of the organisation to listen, and to take the messages and the information that stakeholders communicate into account in organisational decisions, behaviour, and activities.



The concept of humanising organisations is captured in three principles, which address the intrinsic value of people and nature, the organisation of humanity and the open dialogue with stakeholders. The principles are aligned with societal trends towards respect, transparency, responsibility and belonging. They come into their own in the context of a thriving nature and the sustainable preservation of planet earth. This context is therefore inextricably linked to the pursuit of a humane society and economy – if only because it expresses our connectedness to and responsibility for future generations. The principles help organisations to determine how humane they are, based on a self-assessment of how well it scores on a set of indicators and the tracking of the organisation's development over time. More formal assessments, including customer and employee satisfaction surveys, can also be part of the available toolbox.

Three Principles of Humanisation

1. Value orientation

The organisation:

- clarifies her identity and her other-oriented values
- sketches a perspective of people and nature in relation to the company
- respects and treats the other as an equal (fellow) person
- focuses on the interests and needs of a wide range of stakeholders.

2. Organisation

The organisation:

- invites relevant stakeholders to actively participate in policy and decision-making and implementation
- creates a structure and culture in which participation can come into its own
- offers space to the other person to put forward proposals and act
- weigh these proposals carefully in decisions and activities aimed at shared goals
- monitors the processes and results from a perspective of humanity.

3. Dialogue

The organisation:

- is transparent about its efforts and results and their significance for people and nature
- speaks with and listens to relevant stakeholders about progress and results
- adjusts where necessary or desirable.

A focus on process

Humanising organisations calls for a sense of procedural fairness, which allow relevant others a seat at the table, and which raises the hope and expectation that the wellbeing and flourishing of others will be enhanced. A just and open decision-making process does not require the board and the management team to adopt and implement the view of others. It does mean, however, that executives and managers hear what others say, include their ideas and concerns in their decisions and provide stakeholders with adequate feedback on the course of action and the ways in which the input of stakeholders is included in their decision-making.

Drivers

The drive for humanising sometimes finds its origin in the identity and values of the organisation – acknowledging the needs, interests, and personalities of others. More often however, this drive stems from an extrinsic orientation on the pursuit of positive outcomes. Wasn't it already Mary Parker Follett who in 1918 indicated that if organisations put the interests of employees, consumers, and society



first, the organisation will reap significant financial and economic benefits? It is a recurring theme in the organisational and management literature addressing questions why organisations take the needs and interests of others into account. Are they intrinsically motivated to care for the wellbeing and flourishing of others? Or are they merely motivated because of an improved performance of the organisation through committed human beings? These intrinsic and extrinsic drivers can be placed at the ends of a continuum. Available empirical research shows organisations often demonstrate a combination of both intrinsically and extrinsically motivation. Relevantly, family businesses often have an inclusive, long-term orientation, respecting human and non-human stakeholders, because they emphasise the continuity of the organisation. Take Rijk Zwaan, the fourth largest vegetable breeding company in the world. It employs over 3800 employees in more than 30 countries.

Rijk Zwaan's history goes back to 1924, when the entrepreneur of the same name opened a store for vegetable, flower, and agricultural seeds in Rotterdam. In 1986, BP acquired the company to diversify its business activities. This change in the BP's strategy proved short-lived, when shareholders urged BP management to exclusively focus on oil and gas extraction and exploration. In 1989, the company was acquired through a management buy-out by the Zwaan family and two other families. Following a discussion on their identity, the three families introduced a focus on collaboration. This is reflected in the company's raison d'être: 'to be a family business in which the people of Rijk Zwaan are central. Employees are entitled to a sustainable, pleasant job with good employment conditions.' Employees are at the core of the company, as members of the Rijk Zwaan family. They are more than just human capital. Rijk Zwaan is one of the companies that engage in humane organising for the sake of respecting people and promoting their development and flourishing. Profit is not a goal in itself, but a necessary condition for survival, development and growth of the organisation over the course of generations.

MAAS, a company leasing vending machines for coffee, tea, soups, and refreshments, on the other hand, takes a more extrinsically driven approach.

MAAS CEO Wouter Fijnaut, leads the company through a distinctive focus on corporate social responsibility and the needs of its stakeholders. The CEO explains: "We can lose to our competitors on price, but we want to excel and be the best in terms of social orientation. That means you constantly strive for more and better initiatives aimed at creating societal value." Because the competition is not sitting still either, MAAS is constantly challenged to do better. "The flourishing and wellbeing of others is secured through economic improvement," says Fijnaut. For example, MAAS set up a coffee roasting plant in Ethiopia together with Moyee Coffee. Instead of shipping unroasted coffee beans to the Netherlands, MAAS and Moyee add value to the local economy. MAAS calls it IMPACT@ORIGIN. As a committed owner of the roasting plant and its best customer the approach kills two birds with one stone. It allows the Ethiopians to sell a high-quality processed and packaged product to its customers instead of selling a commodity product. This leads to higher financial returns for the Ethiopian distillery and the local farmers. After all, MAAS pays a considerably higher price per kilo for the roasted coffee than for the unroasted beans. In addition, MAAS enters into contracts of at least five years, which enables farmers to invest in the quality of their product. MAAS also advises local entrepreneurs and tries to take them to a higher level. In addition, its investment in improving the quality of the process and the product gives MAAS a significant advantage over its competitors in the vending market. This all sounds very business-like and it is. 'If it no longer profitable', says Wouter Fijnaut, 'it becomes difficult to continue this line of business.' The CEO is pragmatic in this respect, but it doesn't make the company's efforts any less heartfelt. However, the ownership structure is such that if the business model comes under pressure, this must lead to necessary adaptations. Fijnaut does not aim at profit maximization, but a market-based return is necessary in a highly competitive market. A company is not a charity, or an NGO.

Doing good and doing well

Irrespective of an organisation's motive to focus on the needs and interests of others, research shows time and again that wealth and wellbeing may go hand in hand. The mantra is that by doing good, a business also does well. Nevertheless, the correlation between the two is no matter of course.



Take Jim Collins' 'Good to Great' study. He compares companies that moved from "good to great" with similar those that did not undergo the same transition. The interventionist group outperformed the control group five times in terms of value creation. The report 'Better Business, Better World' by the Business and Sustainable Development Commission points in the same direction. The key message is that attention to the interests of stakeholders pays off in the long run. Despite the findings, listed companies often feel resistance from institutional investors and asset managers. Paul Polman, Unilever's former CEO, argues in his book 'Net Positive' that investors and analysts are myopic when they place too much emphasis on short-term financial results. It should lead to the end of shareholder capitalism.

According to London Business School professor Alex Edmans, Polman is cutting corners. In his book *Grow the Pie* (2022), Edmans claims that the goal of a company is to create value for society – and by doing so it will increase profits as a by-product. It does require making sometimes tough decisions, while at the same time allowing for an open dialogue between the company and all its stakeholders – including analysts and shareholders. Although no studies have been conducted into the direct correlation between humanisation and economic performance, there is some indirect evidence available. One of the most evocative studies comes from former McKinsey consultants Jim Collins and Jeffrey Porras in their book *Built to Last*. They systematically compare two groups of companies. The first group is values-driven and purpose-led and consists of "visionary companies" such as 3M, Boeing, IBM, Philip Morris, General Electric, Sony and Procter & Gamble. The control group of comparable companies comprises of companies like Norton, Westinghouse, Kenwood and Colgate. Shares of the first group, on average, have increased in value six times more over a period of 65 years than those of the control group. Using the method of backtesting, a dollar invested on 1 January 1926 in the group of visionary companies was worth \$6,356 on December 31, 1990. That same investment in the control group yielded only \$955 at maturity. Since the publication of *Built to Last*, several visionary companies went under or were taken over. However, the number is significantly higher in the control group.

A more recent study by Babson professor Raj Sisodia show that companies committed to conscious capitalism – a phrase comparable to Collins and Porras 'visionary companies' – also outperform the market. Conscious companies focus on long-term opportunities and challenges, on innovation, building trust and alignment with society. They have visionary leaders, high morale, excellent terms and conditions of employment and flexible, stakeholder-oriented cultures. Their approach, according to Sisodia, results in superior business performance, including but not limited to higher sales, lower marketing costs, highly committed employees, low staff turnover, and lower administrative costs. Studies like those of Collins and Porras, or Sisodia and his associates, must primarily be seen as narratives. They mainly express our hope to live in a society in which sustainability, social responsibility and humanity pay off. We want the good guys to win and be rewarded for it.

Making it practical

Identity and values

A culture of humanity requires clarity about the organisation's identity and values. This identity refers to its hard core and is not likely to change, not even in deep crises going from the dot.com bubble to the financial crisis, Covid-19 or more recently the war in Ukraine. A purpose may shift over time and operations may undergo change, identities and values tend to be stable. Values range from solidarity, community spirit, stewardship, or inclusion, to behavioural values like integrity, respect, excellence, caring, kindness, honesty, and so on. In addition, organisations often have values that relate to their processes and purposes. Examples are effectiveness, efficiency, quality, teamwork, professionalism, diversity, innovation, competence, loyalty, care, reliability, and fairness. Trust and responsibility are found at all levels of humane organisation. They are important to grease relations in the social system, the organization and between individuals.



Respecting and acknowledging others

In addition, humane organisations are committed to the wellbeing of others by seeing them as unique persons and acknowledging their individual personality. The other person is not just an employee like all others, a supplier like all others, a neighbour like all others, a customer like all others, or a shareholder like all others. Uniqueness implies an acknowledgment of the other as someone with a personality, with ideas and concerns, with capabilities unlike others even though, on face value, they resemble colleagues, neighbours, suppliers, et cetera. Without knowing the other we cannot know whether she or he has different ideas, needs, interests, expectations, and abilities than her or his peers. Respecting this uniqueness and giving stakeholders room to express themselves is crucial for both the individual and the company. It requires organisations to create an organisational culture and climate that allows employees – and potentially also customers, suppliers, shareholders, neighbours, and relevant others – to speak freely about their potential contributions to the common goals of the organisation, but also about their concerns and potential alternatives for the current course of action. This is what I call a reversal of the intentionality of engagement. Engagement is not about an organisation approaching relevant others to speak to them to get them into the fold, but it starts with the intention to listen to others and call on them to freely speak out on their needs and interests and their ideas of how best to contribute to the organisation's purpose, strategy, and objectives. That requires building an environment to protect and enable individuals and groups of stakeholders to communicate openly without fear of repercussions. Obviously, listening to others does not require board executives and managers to adopt and implement the views, concerns and guidance provided by the stakeholders. What is expected from them, however, is to mindfully balance the inputs received from stakeholders, make responsible decisions, and provide stakeholders with feedback on the decision-making process, the role and meaning of contributions made by stakeholders, and the final decision.

Listening

Edgar Schein once wrote that the main obstacle to listening is that what we usually value in organisations is a focus on performance more than building relationship. Executives and managers often believe they must speak, guide behaviour, provide answers, and solve problems. They are less versed in finding and understanding problems – something their MBA studies only paid little attention to. For that reason alone, it is important to listen to others, for instance to those on the front lines who really understand what is going on in the outside world. Listening is important as it leads to clarification, connection, and mutual trust. In the spirit of Albert Einstein, who once said that "if I had an hour to solve a problem, I'd spend 55 minutes thinking about the problem and 5 minutes thinking about solutions", the following rules of thumb can apply:

1. Provide comfort and safety.
2. Make room for others.
3. Listen attentively, observe, and verify what you hear without becoming inquisitorial.
4. Listen to the voice, but also to the mood.
5. Be curious, amazed and inviting.
6. Do not bring up answers or solutions until you fully understand the issue.

Our focus on responding

Our organisations lack openness and willingness to listen to others. The pace of life puts us under an increasing pressure to act decisively – without allowing ourselves the time and space to reflect and get to the essence of the challenges we face. Most disasters can be traced back to a lack of willingness to listen to others – ranging from the war in Iraq, space shuttle Challenger, Chernobyl, the Titanic, to the largest global industrial catastrophe ever: the methylisocyanate gas leak from the Union Carbide factories in Bhopal in 1984. In his *Navigating among icebergs*, Juan Serrano documents how the captain of the Titanic and his team ignored seven telegrams from seven different vessels about



icebergs on their route. They were all ignored because of a belief in the technological superiority of the ship. Titanic's Marconi team responded to one of its surrounding ships warning that 'it was an ice field out there' with the message: 'Stop, stop, leave us alone, we're working, we're very busy.' It led Serrano to conclude that no one is deaf, than the one who does not want to hear. Even in cases in which we listen, it often proves difficult to understand what others are saying. Do we really hear what others say if we grant them only a fraction of our attention? Listening is an art. It requires ongoing exercise to overcome our inclination to respond instantaneously that you 'know what the other means' because 'previously, it happened to you as well'. We often listen to respond, rather than to understand.

The talking stick

Native Americans used a talking stick as a device to improve the quality of a conversation. A tribe's Chief controls the use of the stick and is the first to speak. Others listen and remain silent. Only when the Chief has finished speaking and puts down the stick, it is someone else's turn. The process continues until all members wishing to speak have had a chance to do so. The use of the talking stick ensures that all relevant aspects are taken into consideration. Each member of the group has a chance to express himself. Often it will be the Chief, having heard the input from all members of his tribe, to pass judgement.

The talking stick is a simple tool that teaches us to be silent and listen when someone else is speaking. In our modern organisations we have lost this skill over time. It is up to the organisation's leadership to bring it back to the daily practice of management and decision-making. Often, creating a context in which stakeholders have an opportunity to be heard and to contribute to the decision-making process, they become more engaged. The ones with the strongest personalities and the loudest voices are not always right. On the contrary.

The art of conversation

In addition to listening and hearing what others say, humanising our organisations calls for a dialogue regarding the achievement of collective and individual goals. This dialogue can be informal, for instance by daily checking-in with others at the start of the day. It simply entails an open conversation about a person's wellbeing, and whether she or he is running into something – at home or at work – and might need some assistance. The check-in also leads to an overview of what everyone is doing and whether progress is being made – or where someone runs into trouble. Conversations that are part of the process of humanising are not intended to evaluate someone's performance. They do not look back so much but focus on what needs to be done to jointly achieve the team objectives.

Organisations that have some experience with dialogues can advance to the level of a *meaningful dialogue*. According to the OECD, a dialogue is meaningful when it implies mutual engagement, good faith, responsiveness, ongoing conversation, and inclusion. That is, the organisation:

1. Invites stakeholders to freely express their opinions and listens to their points of view. Also, they are enabled to influence the agenda and content of the conversation.
2. Acts in good faith endeavouring to understand how stakeholders are affected by its activities.
3. Listens to stakeholders and complies with the outcomes of the engagement. It mitigates and compensates any negative effects it causes – and strives to prevent future harm.
4. Is willing to continue the conversation throughout the lifecycle of the organisation or project.
5. Actively involves disadvantaged stakeholders, like women, minorities, and vulnerable persons.

According to the Multilateral Group of Financial Institutions (MGFI) a dialogue is meaningful if "stakeholders' concerns and recommendations are considered in decision-making related to design and implementation" of a project or an organisation. Simply exchanging ideas and opinions is not enough. In addition to the conceptualisation by the OECD, the MGFI emphasizes the importance of:



1. Fairness and the principle of non-discrimination
2. Sufficient resources in terms of management capacity and support
3. The purpose of the dialogue, to be based on factual information
4. Adequate provision of information to all relevant stakeholders
5. Ensuring the conversation is free from coercion and intimidation
6. Confidentiality of the consultation, and finally
7. Careful documentation of the ongoing conversation.

A meaningful dialogue requires organisations to create a level playing field and help stakeholders to build conversational capabilities. To enhance the meaningfulness of the dialogue, organisations and their leadership should communicate in ways that express respect, are comprehensible, and use language that stakeholders understand. Also, the leadership should allow stakeholders sufficient time and opportunity to contribute without fear of retaliation.

Leadership

Humanising organisations requires leadership. Often humanisation is associated with concepts like servant, empathetic, authentic, or democratic leadership. Irrespective of the name associated with leadership, to call leadership humane or humanising it must emphasise steering and facilitating processes of organising in ways that the wellbeing and flourishing of employees, suppliers, customers, neighbours, shareholders, society, and nature is enhanced. First, this means that leadership starts with an openness towards others. As Jim Collins observed in *Good to Great*:

"The executives who ignited the transformations from good to great (...) first got the right people on the bus (and the wrong people off the bus) and then figured out where to drive it."

It means that leadership, first and foremost, is about creating an environment in which people can flourish. Second, it is about engaging with others to determine the goals and the direction in which to steer the organisation. Deciding on the destination and the best route to get there are not prerogative of C-level executives but emanate from a consultation of all relevant stakeholders on the bus. Third, leadership requires reflection on how best to promote collaboration. An underlying current in management today focuses on leadership that is based on the needs, experiences, qualities, ideas, and expectations of others. It requires executives and managers to create organisational structures, open cultures, and inclusive processes, inviting stakeholders to become part of a large and coherent community of stakeholders aiming to achieve their collective and individual objectives. The sense of organising starts with the creation of a collective **We**, realising that no organisation will ever succeed in the long run if it is not built on a solid commitment to collaboration, conversation, and convergence of stakeholder efforts. Humanising emphasises the importance of trust in others – in their talents, abilities, creativity, and work ethic to foster their own and the organisation's common objectives. Finally, as a fourth characteristic, leadership requires an inclusive approach aimed at considering the interests and needs of all relevant stakeholders, not just the internal stakeholders but also those outside of the immediate boundaries of the organisation.

In the above, I deliberately speak of leadership and not of leaders. Leadership reveals and manifests itself everywhere in the organisation and is not limited to 'leaders' at the top of the hierarchy – as we usually see in the management literature. Also, leadership is not about managing processes and organisations, but about inspiring stakeholders that are part of the organisational network and guiding them with their wisdom, their positive engagement and their openness to the views, interests, needs and concerns of human and non-human beings, including nature and the planet.



Balancing stakeholder views, needs and interests

In 1984 Ed Freeman introduced the concept of the stakeholder as a generalisation of the concept of the stockholder. Stakeholders are defined as “any group or individual who can affect or is affected by the achievement of the organization's objectives”. No organisation comprehensively determines who are its stakeholders – particularly not when it comes to those stakeholders that are affected by an organisation’s policies, practices, activities, and behaviour, but who have no ability to influence on the organisational decision-making. Often, they are not acknowledged as (strategic) stakeholders and the organisation may not want to listen to them. As oil major Shell witnessed in the past in its dealings with NGOs like Greenpeace or Friends of the Earth, it may result in an error of judgement. To determine who counts as a stakeholder the following stakeholder balance might be useful.

The stakeholder scales

Who is a stakeholder and what is her or his influence? Based on an assessment of stakeholders’ power and legitimacy and the urgency of the issue, a categorisation can be made. The following elements can be material:

1. Who can (potentially) influence the policies, practices and strategy of the organisation?
2. Who is affected by the achievement of the organisation’s objectives?
3. What is the importance of a stakeholder for the organisation?
4. What are the needs or interests of stakeholder who can influence the organisation?
5. How strong is their perceived need or interest on a scale of 1-10?
6. To what extent is their need or interest a priority to the stakeholder on a scale of 1-10?
7. What is the legal basis of the need or interest?
8. What is the normative basis of the need or interest?
9. How important is the stakeholder for the functioning and continuity of the company on a scale of 1-10?
10. What are the positive and negative consequences of a decision or action in the short and long term?
 - a. For the (potential) stakeholder?
 - b. For the organisation?
 - c. For society?
11. What may be the consequences if the organisation does not adequately respond to the need or interest:
 - a. For the stakeholders?
 - b. For the company?
 - c. For society?
12. What is the cost of fulfilling the need or interest?
13. What political, legal, financial, operational options do stakeholders have to influence the organisation?
14. What resources can stakeholders mobilize for influence decision-making?

The stakeholder analysis is part of a *materiality matrix*. In the matrix two assessments are compared. The X-axis represents the significance of social, economic, and environmental issues relevant for the organisation and reflects the prioritisation of issues from the perspective of the organisation’s continuity. The Y-axis prioritises issues that are materially important for the stakeholders. Matching both results in an overview of the economic, social, and environmental priorities for the organisation.

Organising

Building a humane culture is necessary but not sufficient to establish a humane organisation focused on long-term value creation for the organisation and all its stakeholders. Next to having an identity, values and a culture that support the wellbeing and flourishing of others, organisations are called upon to design a humanising organisational structure. Organisational design theories increasingly emphasise the importance of self-organisation. That is, the structure of the workplace should allow employees control over their activities and responsibilities. According to Sidney Yoshida organisations struggle with the 'iceberg of ignorance'. Team leaders roughly understand 74 percent of the operational problems organisations attempt to master. Middle managers have an understanding of



only 9 percent of the organisational challenges, whereas top management grasps no more than 4 percent of operational issues. Paradoxically, top management sets targets and issues detailed action plans despite a profound lack of knowledge of the organisation and its context. To reduce operational risk an increasing number of organisations delegates tasks, responsibilities, and decision-making autonomy to lower echelons. The motto is: tackle challenges where visibility is at its max. This automatically leads to more freedom for employees, more commitment and often better performance.

Room for self-organization

Self-organisation received an important boost in the 1940s with the development of the sociocratic model of organising. This model was further developed in the 1980s and 1990s by Gerard Endenburg in his family business. Sociocracy emphasises the importance of an organization as living community acting as one, while leaving sufficient room for individuals and teams to control the work processes. For this purpose, Endenburg designed his engineering company based on four principles:

1. The organisation consists of circles,
2. Lower circles are representation in higher ones by two representatives
3. Election of its representatives by the circle²
4. Decisions are made based on consent³.

Holacracy

Based on the four principles of sociocracy, Brian Robertson introduced a new organisational design structure: holacracy. This form of organising builds on sociocracy but is more advanced using an elaborate software program which allows responsible and motivated employees to achieve individual and collective objectives. At the core of a holacratic system is the constitution. It contains the rules for engagement and decision-making through which the organisation distributes discretionary powers to all members of the organisation leading to self-management. Employees define their "roles" to achieve their objectives and those of the organisation. A role consists of three elements:

1. the purpose of the role and its contribution to the objectives of the team and the organisation
2. the role domain
3. the responsibilities of the holder of the role holder.

Employees are at liberty to define their roles if others within the circle consent. A member can only withhold her or his consent if performing the role negatively impacts the tasks and responsibilities of the dissenting member and harms the interests of the individual, the circle, or the organisation. If a member of the circle has valid and convincing reasons to withhold her or his consent this will suspend further action. It is only after all objections have been removed, that the role holder can assume her or his responsibilities.

Why is holacracy attractive?

Holacracy has attractive properties. We mention four:

1. Everyone is aware of the goals of the organisation, the circle and everyone's contribution to those objectives. Interaction is coordinated at the lowest possible level and kept to a minimum.
2. Employees have the discretion to contribute to individual and collective goals based on their ambitions, knowledge, and experience. Employees are committed and turnover is low.
3. The organisation's constitution rules. The system creates order – not individual egos at the top. Holacracy puts an end to favouritism.
4. Anyone can speak out, not just those with the loudest voice. Exchanging knowledge, information and ideas is structured and ensures that employees always have access to full information to conduct their tasks and responsibilities. It leads to a very efficient and effective organisation.

² One rep usually acts as informal leader of the circle. Rep two is chosen by the members of the circle to represent their interests.

³ Consent is a principle of 'no objection.' It means that members can submit ideas and proposals to organise their own work and that of the team. If nobody objects, the proposal is adopted and can be executed.



Sociocracy and holacracy are different from lean or agile processes. The latter two offer room for flexibility, project-oriented working, and continuous improvement, but they do not necessarily further an individual's wellbeing and flourishing. At its core organisational agility aims to increase efficiency and effectiveness as an end in itself and not as the result of humanising organisations.

Conclusion

Addressing the grand challenges of our global society does not just call for a drastic change in policies, practices and activities of multilateral organisations, governments, non-governmental organisations, and businesses. Protecting our local communities, our global society and the planet not only calls for a change in the **What** and **Why** of economic, social, environmental, and political action. The **We** and the **How** are just as important – if not more important. In this essay I introduced the concept of humanisation and of humane organising as an antidote against the myopia of many of our current leaders – irrespective of the sector in which they operate. Both public and private leaders fails to listen to stakeholders, take their needs and interest sufficiently serious and treat others mainly as instruments for the achievement of their own personal objectives – in the name of progress.

This essay outlines several ways in which organisations can overcome their collective myopia and that of their executives and senior managers. The suggestions that are put forward all find their inspiration in the words of Mahatma Gandhi, which I introduced at the start of the essay:

"The greatness of humanity is not in being human, but in being humane."

About the author

Prof. Dr. Harry Hummels is a full professor of Ethics, Organizations and Society within the Finance department of Maastricht University's School of Business and Economics. In addition, he is associated with Utrecht University's School of Economics where, between 2016 and 2021, he was the first professor in the Netherlands to hold a chair in Social Entrepreneurship. In addition to his academic career Harry held senior management positions in the financial sector, including at ING Bank, SNS REAAL and ACTIAM in the field of responsible business, sustainable investing, and impact investing for some 20 years. He also served as a senior advisor to the executive director of UNOPS on impact investing and as a representative of the Global Impact Investing Network in Europe. In addition to his academic positions, Harry is a board member of Society Impact NL, a member of the strategic planning committee of Aceda Institute of Business, a member of the ESG advisory board of ACTIAM, and a member of the investment committee of Triodos Impact Strategy Funds. Harry writes and teaches about agape, corporate responsibility, organizational ethics, work philosophy, responsible and sustainable investing, impact investing and social entrepreneurship. He is also co-author of two cookbooks. More information can be found on his website: <https://www.headstart4happiness.com> Or send an email to h.hummels@maastrichtuniversity.nl

