For Humanistic Management and Against Economics

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Abstract

The paper critically inquires as to whether, and if so how, the economic approach, and particularly an economic approach to business ethics, connects to humanistic management. I contend that economics as it is conventionally understood is difficult to reconcile with humanistic traditions that mirror personalist, behavioral ethical doctrines. If exclusively approached from a personalist, behavioral position, an economic approach to ethics has to be understood as ‘de-humanising.’ Nevertheless, the paper aligns a nonpersonalist concept of humanism to an economic approach to business ethics. Various conceptual dimensions of such a humanistic interpretation of economics are uncovered. A key insight is that economics reflects a systemic ethics, which inquires about the good society in a non-behavioral, macro-perspective. The paper sets out how personalist and nonpersonalist approaches to humanism can be reconciled, either from within the market economy, or by exiting from the market economy. The former route implies that humanistic management in a personalist tradition has to lean on economics in order to succeed; the latter route would see itself in opposition to an economics which conceptually informs the market economy.

Key Words: personalist humanism, nonpersonalist humanism, economics, market economy
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Being ‘against’ both means ‘in opposition’ and ‘leaning on’. I can’t, and I don’t want to, make ethics or business ethics disappear, but I want to be clearer about what I’m leaning on.

(Parker 1998, p. 295)

Introduction

Accusations that economics, understood as a theoretical body of knowledge which analyzes, explains and informs the practice of business in a market economy (linking to the conceptual tradition of Smith’s Wealth of Nations) are nonhumanistic and even unethical have a longstanding history and are widespread. For instance, in the field of business ethics research, such accusations have flared up over the past ten years or so around the concept of humanistic management (See below). The present paper aims to critically comment on and position this debate by asking various questions: First, how can questions regarding the personalist versus nonpersonalist nature of concepts of business ethics help to diagnose and clarify humanistic and ethical features of the market economy? Is it a foregone conclusion that humanistic ethics unavoidably positions itself in opposition to economics, or can humanistic ethics viewpoint be ‘against’ economics in the sense of ‘leaning on’ economics? The paper demonstrates in this respect that economics, classically and conventionally understood, comprises nonpersonalist, systemic – yet also humanistic – ethics.
Furthermore, the paper suggests that through concepts of capitalization and ‘commodification’ (to apply a term of critical postmodern or Marxist theory), even personalist concepts of humanistic management can, in certain respects, be aligned with economics.

Second, the paper inquires as to whether, and if so, how humanistic management could succeed inside the market economy, or alternatively, in what respect the systemic exit from the market economy serves to provide a more attractive and more viable route to pursuing humanistic management. The paper suggests in these respects that certain concepts of humanistic management find themselves, sometimes intentionally, at other times unintentionally, in opposition to economics, especially economics in the conventional and classical tradition of Smith, as endorsed by contemporary economists such as Hayek, Friedman, Buchanan, North, or Williamson.

In turn I posed and discussed these questions; first, discussing the approach of personalist humanistic management, second; outlining the nonpersonalist ethical nature of an economic approach to management, and third; analyzing different issues in reconciling personalist humanistic management with economic approaches to management, both inside and outside the market economy. Lastly, I offer my conclusions.

**Personalist humanistic management: Key features**
Over the past ten years or so an increasing body of research on humanistic management has been created e.g. Melé (2003, 2009a, 2009b, 2009c), Rosanas (2008), Davila Gomez and Crowther (2009), Pirson and Turnbull (2011), Spitzeck (2011), or Acevedo (2012), to name but a few. A key feature of this research tradition is its personalist nature, whether implied or explicitly stated: ‘that a true humanistic management is personalistic’ (Acevedo 2012, p. 197-198). I discuss this feature in more detail in the following because it is this feature which distinguishes, so says my argument, mainstream publications on humanism and humanistic management from conventional economic approaches, which can be diagnosed to be nonpersonalist concepts of humanism (as I review below).

Acevedo (2012, p. 197, also pp. 200, 202-203) is explicit in setting out and defining what personalist humanism for management means: ‘Specially emphasized is ... [the] human person ... based on a realistic metaphysics that, in turn, grounds human dignity and the natural law as the philosophical basis for human rights, personal virtues, and a common good defined in terms of properly human ends.’ Early writings which initially related to such personalist humanism in management, are the works of the human relations movement, of Mayo (1933), Barnard (1938), McGregor (1960), or Knowles and Saxberg (1967), for example. Certain concepts of Taylor’s works, especially his well-developed ideas on the hearty, cooperative manager who engaged in the ‘great, complete mental revolution’ (Taylor 1912, pp. 26-27; see also Taylor 1903, pp. 63-68, 96-98, 129-132; 1911, pp. 27-29, 36-38, 114, 130) also anticipated personalist humanism in management (See also Wagner-Tsukamoto 2003, pp. 85-89; 2007b; 2008a).

A key feature of contemporary personalist humanism in management is its aim to live up to a complete human and moral anthropology. In this respect, it shares common ground with
but also goes further than previous publications on this issue, for example, the early literature on job enrichment techniques and programs to raise employee involvement (e.g. Swart 1973). On the one hand this literature links rather explicitly to the human relations movement, and openly projects such techniques to issues of profitability on the other, this literature still serving to ‘economize’ humanistic management, as I would put it.

Intentionality is a key feature of personalist humanistic moral agency in contributing to the ‘common good’ (Acevedo 2012, p. 206); or, as Grassl and Habisch (2011, p. 46) put it: ‘Morality has been located in economic actions, respectively the mental dispositions underlying them’, and, Grassl and Habisch (2011, p. 41) referring to Catholic teaching: ‘Be guided by charity, and let your other decisions follow.’ In this respect, personalist humanistic management can be said to be an ‘input-oriented’ behavioral ethics, focusing on proper motivation, attitudes, intentions, etc. A related feature is its singular orientation, the achievement of common good being linked to the welfare of each individual human being, the ‘person’. This approach is distinctively micro-focused in its attempt to do behavioral justice to portraying human nature beyond ‘modeling’, i.e. the metaphysical project of portraying human nature in a holistic, ‘empirically true’, complete anthropological sense.

A common target in moving towards a ‘realistic metaphysics’ of human nature is the model of ‘economic man’ (homo economicus) of mainstream economics. Claims that the model lacks realism and is empirically false, as compared to ‘true’ portrayals of human nature, for example, as homo sapiens or zoon politicon, are critiqued by approaches which directly link to personalist humanism (e.g. Melé 2003, 2009a, 2009b, 2009c; Rosanas 2008, p. 448; Rocha and Miles 2009, p. 447; Wishloff 2009, p. 149; Grassl and Habisch 2011, pp. 40, 42; Pirson and Turnbull 2011, pp. 102-104; Pirson et al. 2011, p. 317-318; Acevedo 2012, p. 200;
see also Goshal et al. 1999; Goshal 2005, p. 81). Later in the paper I develop the argument that this type of criticism reflects a strawman argument.

Such criticism has its forerunners in the human relations movement (see above) and in the approaches of ethically motivated, behavioral economics and economic sociology (Simon 1955, 1956, 1993; Etzioni 1988; Sen 1990; see also Rosanas 2008, pp. 450, 455; Wishloff 2009, pp. 151-152; Pirson and Turnbull 2011, p. 103). The approaches of behavioral economics or economic sociology can be said to share some rather explicit sympathy and affinity with personalist humanistic management. A question to be found here is in what specific respects the more recent concepts of personalist humanism differ from these earlier research traditions.

There is no ‘one’ ethical doctrine in which personalist humanistic management sees itself as being grounded in: The scope of conceptual groundings ranges from virtue ethics (Melé 2003, p. 79, 2009c; Rocha and Miles 2009, pp. 445-446; Acevedo 2012, p. 199), stoic ethics (Opdebeeck and Habisch 2011, p. 783), duty ethics (Kimakowitz et al. 2011, pp. 11-12), unconditional concepts of human dignity (Spitzeck 2011, p. 51; Kimakowitz et al. 2011, pp. 4-6; similarly Acevedo 2012, p. 204, 207), Chinese values (Bettingnies et al. 2011; Ip 2011; Opdebeeck and Habisch 2011; Vermander 2011), Thomistic religious thought (Rocha and Miles 2009, pp. 445-446; Wishloff 2009; similarly Acevedo 2012, p. 205), to Catholicism (Grassl and Habisch 2011, pp. 45, 47), for instance. Others have associated critical Marxist theory (e.g. Wary-Bliss and Parker 1998; Parker 1998) with personalist humanism, and here especially Marxism’s / communism’s longstanding search for the new, ‘good’ human being. An important question to be asked in this respect is whether a common denominator of values could be distilled from this variety of personalist ethical doctrines. Vermander (2011,
p. 705), for example, here demonstrates the difficulty in achieving such a goal when he reveals that even within different traditions of Chinese values ‘conflicts in substance’ and difficulties to ‘extract their quintessence’ prevail.

**Nonpersonalist dimensions of economic humanism**

It is a misunderstanding to claim that economics, in the tradition of Smith, was nonhumanistic, or that it merely reflected nonpersonalist humanism that focused on attributes of individualism as such and stressed ‘human singularities over human commonalities’ (Acevedo 2012, p. 200; similarly Wishloff 2009, p. 150 when critiquing Friedman). Clearly, conventional economics is nonhumanistic *in a personalist sense*: Economic activity and society in general are usually analyzed in macro terms, in systemic perspective (Wagner-Tsukamoto 2003, 2005, 2007a, 2008b). The key research questions of economics focus on capital exchange processes among agents and how such processes can be systemically organized through institutional structures, which range from private contracts, to organizational structures of the firm, to societal governance through legal and constitutional structures, to international institutional structures. The normative purpose of such systemic analysis is to advise on the generation of mutual gains and of public good as an outcome of capital exchange.

The individual, or more precisely, the ‘person’ as behavioral sciences or personalist ethics research put it, disappears in this research tradition: The person is abstracted off, and heuristically shortened and relegated to the *homo economicus* construct. However, for the
purpose of conventional economic research, the *homo economicus* model does not provide an empirically testable image of human nature. Neither does it deliver any normative prescription regarding how humans should behave in capital exchange processes. In this respect, accusations that the *homo economicus* model is ‘empirically false’ and anthropologically incomplete, and hence that personalist humanistic management needed to ‘minimize self-interest’ (Opdebeeck and Habisch 2011, p. 779; similarly implied by Rocha and Miles 2009) miss their target since the *homo economicus* only functions as a pre-empirical, heuristic tautology. An empirical or normative interpretation of the *homo economicus* does not focus on the concept of human nature within the economic approach (e.g. already Smith 1776/1976, p. 25; or later economists, such as Becker 1976, 1993; Blau 1976, p. 5; Buchanan 1976, 1987a, 1987b; Machlup 1978; Coleman 1990; Pies 1993; Suchanek 1994; Homann 1997; Wagner-Tsukamoto 2003, 2009, 2010; Heyne 2008). Dahrendorf (1973) made the same point for sociology early on, as did Popper’s (1994, p. 158, emphasis as in original) philosophy of science: ‘The “zero method” [e.g. the homo economicus] of constructing rational models is not a psychological but rather a logical method.’

The reason for narrowly, heuristically framing human nature as ‘self-interested’ – in a supposedly ‘unrealistic’ and ethically ‘despicable’ manner (as writers on humanistic management claim, e.g. Rocha and Miles 2009, p. 447) – is to make sure that normatively desirable outcomes arise at both ends of the scale i.e. a result both for the agents involved in a capital exchange process (at the micro-level of the interaction) and for society at large (at the macro-level of the larger group that is affected by economic interactions). Only from this vantage point can the moral stance of economics as a social science be assessed: It’s
systemic and nonpersonalist approaches have to be diligently studied in order to evaluate its moral stature, and then compared and contrasted with the approaches of personalist, micro-focused ethical doctrines and behavioral sciences, including personalist humanistic management.

In the following I detail three aspects that specifically show that ethical humanistic ideals of a nonpersonalist nature can indeed be aligned with economics, and this goes much further than what Acevedo (2012, p. 201) attests to regarding nonpersonalist humanistic economics when speaking of ‘human singularities’. Clearly, economics from Smith onwards, as picked up by Friedman, Buchanan, or Williamson, to name a few, has favored ‘creating an economic order that is guided by moral norms’ – and hence this project cannot be monopolized by personalist humanism (as, for instance, explicitly done by Wishloff 2009, pp. 141, 150). I summarize in the following since basic arguments on this issue have been put forward elsewhere (Wagner-Tsukamoto forthcoming).

To the first aspect: In systemic perspective, economics conventionally aims to foster good in society through competitive processes in a market economy, even if they are ‘only’ grounded in self-interested choice. Smith’s and Mandeville’s normative ethical ideals of the ‘wealth of nations’ or ‘private vice, public good’ reflected this early on; that even self-interested choice in a market economy would contribute, albeit unintentionally, to public good. Significant achievements of the market economy and of market interactions, even in the face of merely self-interested choice, are here the provision of employment, tax contributions of firms to the state, the innovation of high-quality products and services, rising living standards in society (i.e. the overcoming of poverty), etc. Evidently, a systemic ethics and a systemic, nonpersonalist humanism can be diagnosed as the most likely
outcome in this way for the market economy. Ethics was in this respect never separated, as implied by Wishloff (2009, pp. 138, 149-150), from economics. Indeed, it was this ‘new’ kind of ethics that drove Smith to pioneer the economic approach.

Second: Capital exchange, both inside and outside the firm, is constrained by legal and constitutional structures, and even more so in well-established and stable market economies. Smith (1776/1976, Books IV and V) and Mill (1950, p. 16, quoted below) were already outspoken in this respect. This reflects a strong institutional and political, ethical dimension of economic activity in a market economy. Through the provision of constitutional rules and through law-making within constitutionally agreed parameters, political government imposes ethical standards on economic activity. In particular, negative, socially destructive, and exploitative forms of self-interest are in this way to be constrained and eliminated from the market economy – through institutional rule-making. As noted, Smith was an institutional economist already in this respect (Viner 1927; Reisman 1998; Wagner-Tsukamoto 2012) and characterizations of Smith as a ‘liberal’, who unrestrainedly held up free market forces (e.g. Grassl and Habisch 2011, p. 41; similarly Wishloff 2009, p. 149), are wide of the mark. Here, opportunism on all sides, both in its guise as managerialism (early on Smith 1776/1976, pp. 641, 752; Taylor 1912, pp. 151, 153; Berle and Means 1932; see also Wagner-Tsukamoto 2003, pp. 85-89, 2008a) and in its guise as political corruption, were to be targeted through institutional economic intervention (see also below).

Somewhat ironically, the institutional reform proposals developed by Pirson and Turnbull (2011, pp. 109-111), which aimed to curb ‘homo economicus’ behavioral excesses, such as the too self-interested or too opportunistic behavior of managers, out of necessity require
the very analytical tool ‘*homo economicus*’, as Williamson’s (1975, 1985) institutional economics or Buchanan’s (1975, 1987a, 1987b, 1991) constitutional economics more generally set out. Implicitly at least, Turnbull and Pirson here lean on economics; explicitly, however, they put themselves in opposition to economics on grounds of the claimed empirically unrealistic nature of the *homo economicus* model.

Originally and ultimately, the people are the legitimizing source of institutional and constitutional intervention in this research tradition, at least this is so in a democratic societal context. Through constitutions and laws, basic ethical expectations are codified for society and this covers business activity too. In supra-national, ‘global’ economic contexts, such constitutional and legal intervention needs to be increasingly administered within a universal framework, through the UN, WTO, OECD, and other international trade and political bodies and arenas (e.g. Vanberg 1992, 2001).

Third, and as already briefly noted with regard to Smith or Mandeville (or, in degrees, Mill 1950, p. 16 too), mutual gains (‘public good’, the ‘common good’ in societal perspective) are derived from capital exchange processes which may be driven by purely self-interested agents (both in a market context and in an intra-firm context). Buchanan’s (1975, 1987a, 1987b, 1991) and Williamson’s (1975, 1985) economic analyses are most explicit on this issue. Adams’ (1965) equity theory also hinted at this. This reflects on ethical ideals of freedom and fairness in institutional and constitutional economic analysis. In this respect, economics is normatively not vastly different from most other ethical debates.

Therefore, it is a misinterpretation of the facts to suggest that economic exchange and nonpersonalist management foster only ‘reciprocal egoism’ (Melé 2009b; Acevedo 2012, p.
Such proposals seem to reflect the view, as voiced, for example, by Acevedo (2012, p.208), that economics, as it emerged from Smith’s *Wealth of Nations*, does not constitute moral philosophical debate, and hence that only personalist humanism, guided by an anthropological philosophy, could provide an ethical umbrella to integrate economics somehow with (personalist) humanistic management. This reflects a failure to fully comprehend Smith’s meaning, since Smith himself understood the *Wealth of Nations* as moral philosophy.

In addition to aligning ethical ideals with the outcome of capital exchange processes, *inputs* to such processes and the way they are provided can be projected to nonpersonalist ethical ideals of the market economy: Concepts like ethical capital, both as transaction capital and as production capital, can be drawn upon. In transaction capital perspective, humanistic categories as such – trust, for instance (e.g. Rocha and Miles 2009, p. 454; Parra Guillén et al. 2011; Opdebeeck and Habisch 2011, pp. 783-784) – are in this way reconstructed as economic ones, and hence are brought ‘back’ into an economic gains-loss equation of profitability, productivity, efficiency, etc. Assessed from a production capital perspective, a firm may adopt the strategy of producing products or services which exceed the minimum standards required by ethical-legal statutes, e.g. regarding what is permissible in terms of environmental pollution laws, or what is legally expected regarding engagement in fair trade partnerships with suppliers, or what is legally required (if anything) regarding philanthropic contributions to the local community, etc. (Wagner-Tsukamoto 2005, 2007a, 2008b, *forthcoming*). Utilizing this strategy, ethics (of whatever kind) is capitalized, instrumentalized and ‘commodified’, and not only may this affect market share favorably for
the firm, but it can clearly be judged to have socially desirable outcomes for society (especially so when conceptualized and assessed from a utilitarian ethical perspective).

It is possible to criticize economics in this respect as unethical from a narrow personalist ethics perspective. The instrumental, capitalizing and accessorizing process, which here transforms personalist humanism into a nonpersonalist format, may not satisfy behavioral ethicists and moral philosophical anthropologists who aim to reconcile concepts of dignity, humanity, virtue, love etc. in their own rights and in a strictly personalist manner with the economic approach and the market economy, and who reject any means-ends orientation for importing personalist humanism into nonpersonalist economic management practice. However, it is precisely this nonpersonalist transformation which makes personalist humanism highly feasible and viable inside the market economy, and which can be morally and philosophically grounded in utilitarianism. I expand on this in the next section.

On the other hand, economic feasibility and viability has yet to be demonstrated by personalist humanism, particularly by branches of personalist humanism that explicitly reject the use of concepts and tools of economics such as the *homo economicus* (see above), but also openly claim to maintain profitability, productivity, efficiency, etc. (see below for sources) – categories which traditionally define the market economy and a ‘commodifying’, nonpersonalist approach to management inside the market economy, including a Friedmanite approach.

How to Reconcile Personalist, Behavioral Humanism with Economic Humanism?
In the following, the first question I turn to is how personalist humanism could be reconciled with conventional economics inside the market economy. Second, I discuss the question of pursuing personalist humanism outside the market economy, i.e. by replacing the market economy with an alternative framework for organizing economic activity. Third, I review the question asking to what extent ‘economism’, ‘managerialism’ or ‘political corruption’ terminally prevent the implementation of humanistic management, of both personalist and nonpersonalist approaches inside the market economy, and hence, whether system exit from the market economy would be the only option.

*Integrating Personalist Humanism with Economic Humanism inside the Market Economy:*

*Economic Realism as Constraining Manifesto for the Good Society*

As contradictory as this may sound at first, the economic approach to nonpersonalist humanism and ethics outlined above, and its nonpersonalist economizing transformation of behavioral ethical categories, such as trust, dignity, etc., creates opportunities for and makes viable the blossoming of personalist humanism inside the market economy. Indeed, it is the very heuristic model of the *homo economicus* which insures a personalist approach to management against exploitation, and against being undermined and collapsed from within the market economy. As noted before, the ‘*homo economicus*’ tool is neither an empirical nor a prescriptive concept of economics. Metaphorically it could be said it functions as a kind of crash dummy, for analyzing and designing institutional structures so as to make sure that even in the face of self-interested choice – when, for instance, self-interested choice just ‘accidentally’ shows up in economic exchange – economic interactions
still yield socially desirable outcomes (mutual gains, public good). Here, concepts of
humanistic trust building and trust management (e.g. Parra Guillén et al. 2011, pp. 607-612),
drawing on ideas of benevolence and integrity, have failed to consider the institutional
framework of economic governance structures through which trust at a personalist level can
be supported – by insuring the benevolent and integer person against potential exploitation
both inside organizations and on markets.

Once institutional structures have been created that insulate against potential undesirable
effects of *homo economicus* behavior, market participants, organization members,
stakeholders etc. can follow humanistic personalist principles in economic exchanges, since
they have been buffered against exploitation, free rider problems, and so on. Indeed, it is
this same tool ‘*homo economicus*’ and the research strategy of ‘reductionist economism’,
which Acevedo (2012, p. 203) or Pirson et al. (2011, pp. 316-317) lament in this respect, and
which many other authors on personalist humanistic management criticize on empirical
behavioral and normative ethical grounds, that makes personalist humanism viable inside
the market economy. For instance, complaints about ‘corruption’, ‘weak laws and lax
enforcement [of laws]’, and ‘lack of a free press’ (Ip 2011, p. 691), would alert institutional
economists to analyze and improve the legal-institutional framework that ethically
constrains a market economy. A critical question in this connection is how a moral manager
on his/her own, as seemingly referred to by Ip (2011, 691-692), could survive in an
institutional context that is plagued by corruption, weak laws, lax law enforcement, and the
absence of a free press (See also Cheung and King 2004; Wagner-Tsukamoto 2008b): that is
where deficits at a constitutional and institutional-legal level undermine ethical managerial
behavior in competitive processes.
The ‘homo economicus’ tool for institutionally organizing economic activity, both inside the firm and on markets, is essential for such tasks. It could only be disregarded if self-interest and the socially destructive effects of self-interest, even in empirically very rare and infrequent accidental circumstances, could be comprehensively eliminated without exception from economic exchange. If we credibly could deny or ignore such economic ‘realism’, which has the potential to distort and derail fair exchange and fair competition, then mainstream economics, following in the tradition of Smith’s Wealth of Nations, could and should be abandoned. This would unavoidably lead to system exit from the market economy. This project, of course, has to be seriously considered and I expand upon it in more detail below.

I have already outlined other ethical ideals of the market economy above, in relation to public good, the systemic codification of ethics in institutional and constitutional rules, and the capitalizing of ethics. As such, they imply a nonpersonalist approach to humanistic management but also closely link to a personalist approach. Indeed, all three routes reveal ways that show how personalist ethics can lean on mainstream economics. For example, regarding the commodifying of humanistic ideas in ethical capital, it can be pointed out that ‘human dignity’ and an ends-oriented concept of humanity can be imported into economic exchange to a far greater degree than has been presently realized: In addition to explicitly discriminating products and services in a positive manner, for instance, as ‘environmentally friendly’, ‘fair trade’, ‘free range’, ‘organic’, ‘protecting rainforests’, etc., one could explicitly take the opposite approach and discriminate against products and services in a negative manner as ‘not environmentally friendly’, ‘not fair trade’, ‘not free range’, etc. What kind of institutional regulation this would require needs to be examined too. Furthermore, levels of
ethical achievements could be made explicit on product labels or be added to information that accompanies services. The stakeholder who decides which products or services to purchase is not instrumentalized; regarding personalist stakeholder behavior, some pure and now even wider form of personalist humanism is enabled.

On the side of the firm, however, we still entertain a specific nonpersonalist economic approach which instrumentalizes and commodifies humanistic stakeholder management; this approach also could be regarded as a prerequisite for personalist humanistic stakeholder behavior. In this respect, the capitalizing and commodifying of personalist ethics as ethical capital is required as a matter of translation of personalist humanism into various economic categories. Indeed, if such economizing and capitalizing of personalist ethics is not undertaken, managers may face severe conflicts of conscience and the economic viability of a firm may be forsaken (Cheung and King 2004; Wagner-Tsukamoto 2008b). Through ‘commodifying’ personalist ethics, the legitimization of profitable management increases – a goal to which writers on humanistic management explicitly subscribe (e.g. Kimakowitz et al. 2011, pp. 8-9). Similarly, when discussing corporate behavior, authors of personalist humanism invoke economic goals of the firm such as profitability, efficiency, productivity, etc. (e.g. Melé 2003, p. 85, 2009a, p. 413; Rosanas 2008, p. 460; Grassl and Habisch 2011, pp. 44, 47).

Most authors of personalist humanism do not seem to advocate (at least not explicitly) system exit from the market economy. Typically, concepts and criteria (i.e. profitability, efficiency, productivity, etc.) are usually referred to which imply the organization of economic activity inside the market economy. Nevertheless, quite a number of writers position themselves in opposition to such ideas when arguing for the irrelevance of the
homo economicus, or for the replacement of conventional approaches to economic management through personalist approaches to management. A key question here for personalist humanism is whether and if so, how does it want to lean on conventional economics inside the market economy, or does it prefer system exit from the market economy?

In contrast, the human relations movement and early publications on humanistic management (e.g. Swart 1973, pp. 42, 50) continued to explicitly justify humanistic management in relation to profitability or productivity, and in this regard they were comparatively close to what I called nonpersonalist economic humanism. In a rather similar ‘economizing’ frame of mind are more recent publications on humanistic management and firm competitive behavior, e.g. Offstein and Gnyawali (2006), who openly linked practices of humanistic management to strategic human resource management of the firm for the purpose of improving the competitiveness of the firm (See also Lepak and Snell 1999).

Another key issue which contemporary personalist humanistic management has to address is the variety of ethical doctrines it is referring to. If feasible, some common ethical denominators have to be distilled from the vast array of ethical approaches followed – which link to virtue ethics, duty ethics, personalist concepts of human dignity, Chinese values, religious concepts, such as Thomistic religion, or Catholicism, and many more. If such common denominators for ethical values are not put forward, the different approaches to personalist humanistic management may find themselves in competition with, rather than in support of each other. Critical questions include how to decide universal humanistic principles, how to conceptually justify this in a manner which is acceptable to different ethical doctrines on personal humanism, and how to deal with questions of value pluralism.
and multi-culturalism when affirming common universal principles. Key issues are most likely to refer to the personalist setting out of human rights, human dignity, and an end-oriented approach to upholding humanism. If this personalist project is not feasible, the market economy has to at least demonstrate ethical stature in nonpersonalist humanistic terms (and I have made a certain proposal in this respect above).

**Integrating Personalist Humanism with Economic Humanism outside the Market Economy:**  
*The Search for a New Economics and Utopian Manifestos for Society*

Acevedo (2012, p. 212) states, following similar lines of Melé (2003, p. 79), Kimakowitz et al. (2011, pp.4-5) or Spitzeck (2011, p. 51), that ‘markets and firms exist for the sustenance and flourishing of the human person, and not conversely.’ Or, from a comparable viewpoint, Grassl and Habisch (2011, p. 45), assessing Catholic teaching, highlighted the primacy of charity and authentic humanism over economic goals such as profitability or productivity. Generally, economics as it is conventionally understood would not disagree with such criticism if the target of such criticism is the ‘homo economicus’ tool. I have already clarified this above. The ‘human person’ as *homo economicus* is not the topic of economic research, the *homo economicus* being nothing more than a pre-empirical heuristic, which is not meant to portray human nature in any kind of holistic or anthropologically complete sense.

One could even sharpen this suggestion that economics does not have any concept of personalist human nature: its empirical research being focused on capital, institutions, and mutual gains / public good, but not human nature as such. Furthermore, its normative goals
of mutual gains and public good as well as law-abiding behavior evidently reflect on the ‘flourishing of the human person’, as does the economizing of personalist humanism through nonpersonalist humanistic management.

Delving deeper, one can detect a certain implicit, possibly even implied conflict of personalist humanistic management with the market economy, specifically when the ‘flourishing of the human person’ is put intentionally in opposition to the ‘flourishing of markets and firms’. A key question for personalist humanistic management, which subscribed and radicalized this principle, is how could this principle be operated inside the market economy – perhaps through creating ‘legitimized profits’ (Kimakowitz et al. 2011, p. 11), e.g. by maximising ‘charity’ rather than profitability (i.e. independent of economizing personalist humanism) – or as to whether system exit is necessary or even desirable for this project.

The latter would call for systemic proposals on how an economic system that prioritized the flourishing of the human person as such could be conceptualized and implemented. Specific superiority, both in moral terms and in terms of the economic coordination of various criteria such as innovation criteria within the market economy, would have to be demonstrated for this new economic system. However, personalist humanistic management is rather silent and ambiguous on this issue. For instance, the ‘synthesis’ of anthropological humanism and economics is invoked (Grassl and Habisch 2011; similarly Rosanas 2008), but conceptual and operational specifics of how to precisely integrate economics – inside or outside the market economy – with this project are not dealt with. If attempted inside the market economy, then issues of competition, nationally and internationally, have to be
precisely considered when ‘more’ moral, personalist humanistic management is the goal being aimed at (See also Vanberg 1992, 2001; Wagner-Tsukamoto 2005, 2007a, 2008b).

Much more radical and explicit are Marxist ethics which advocate a communist humanism to replace the market economy (Parker 1998). Specifically, it argues for a naturalist understanding of humanism and communism (Wray-Bliss and Parker 1998, p. 48). Community is viewed as an essential precondition for meaningful life, and humanistic Marxism is thought to promote such ideals of community (Wray-Bliss and Parker 1998, pp. 35, 37, 41, 48, 50-51). The ultimate goals are communitarian self-governance and the self-creation of humans in a system of ‘interdependence and cooperation’ (Wray-Bliss and Parker 1998, p. 38). ‘Creative labor’ is considered to be a key feature of humanistic Marxism (Wray-Bliss and Parker 1998, p. 35). Further utopian proposals and alternatives to the market economy are set out by Parker (2002) or Parker et al. (2007).

The proposals are radical, but conceptually they are clear and rather precisely developed, and it is this conceptual clarity and precision which personalist humanistic management, as reviewed above, have not yet demonstrated. In particular it needs to show how it would position itself in relation to concepts of the market economy (whether, and if so, how it would implement personalist humanism either inside or outside the market economy), and also, for instance, in relation to alternative concepts of humanism, such as Marxism. Here, Wishloff’s (2009, pp. 150-152) advocacy of personalist humanism, his critique of capital accumulation and his arguments for communitarianism do not seem to be too far removed from certain Marxist concepts, although he is not explicitly arguing for exiting from the market economy.
Against Economism, Against Managerialism: Inside or Outside the Market Economy?

Several different types of ‘economism’ have been linked to the market economy and conventional economic analysis. A first target for criticism has been the *homo economicus* (e.g. Pirson et al. 2011, pp. 316-317; Acevedo 2012, p. 203; for further sources, see above). Economists from Smith onwards, as quoted above, have criticized and rejected such ‘economism’, which in any empirical sense would interpret or even normatively recommend self-interested behavior or worse.

Second, accusations of an ‘economicist fallacy’ (Grassl and Habisch 2011, p. 42), as they are projected from recent Catholic teaching to economics on grounds of its claimed value-free or lacking normative nature (Grassl and Habisch 2011), overlook the fact that economics in Smith’s tradition of the *Wealth of Nations* always came as a normative moral science (as did the works of Friedman, Buchanan, Vanberg, or Homann, to name a few, more contemporary economists). Such a normative stance of economics can be deduced both regarding the overarching outcome of public good, and the institutional regulation of business behavior, internally through organizational structures and externally through the codification of moral precepts (in laws, constitutions, international regulations, etc.). More recently, even capital exchange as such, ‘inside’ the market economy, has been demonstrated to develop moral qualities along production capital and transaction capital dimensions (Wagner-Tsukamoto 2005, 2007a).
In these respects, claims that only recent Catholic teachings broke down ‘traditional boundaries ... [regarding] an ontological division between a realm of “value-free” economic analysis and an area of “ethical preferences” ...’ (Grassl and Habisch 2011, p. 45; similarly Grassl and Habisch 2011, pp. 47-48), or that only recent Catholic teaching overcame ‘dichotomies between the domains of economics (or business) and morality’ (Grassl and Habisch 2011, p. 46) clearly are incorrect and cannot be upheld. In their respective self-understandings, moral stances had already driven Smith and Mandeville to pioneer economics – as a new type of ethics.

Indeed, what economists in Smith’s research tradition have outlined is that noble, good behavior, in any humanistic or other ethical sense, which nowadays we may call ‘postmodern’, is under severe threat if ‘proper’ economic policies (i.e. the economizing of ethics) are given up. A lack of personalist humanistic or other behavioral ethics is in this way not an attribute of too much economics, but rather the result of too little economics, as set out by constitutional and institutional economics in general, and an economic approach to ethics in the tradition of Smith’s Wealth of Nations in particular.

Third, from the writings of Smith up to modern, contemporary economics, as well as contemporary critical theory, economism in its version as opportunism, especially as managerialism has been a key topic of investigation. For example, Smith had outspokenly lambasted top management behavior of large colonial enterprises, such as the East India Company:

I mean not ... by any thing which I have here said to throw any odious imputation upon the general character of the servants of the East India company, and much less
upon that of any particular persons. It is the system of government, the situation in which they are placed, that I mean to censure, not the character of those who have acted in it. They acted as their situation naturally directed, and they who have clamored the loudest against them would, probably, not have acted better themselves. ... Such exclusive [monopoly] companies ... are destructive to those which have the misfortune to fall under their government. (Smith 1776/1976, p. 641; see also Smith 1776/1976, pp. 638–9, 819)

Another statement of Smith’s (1776/1976, p. 752) confirmed the same sentiments:

As from irresistible moral causes, the greater part of proprietors [administrators, managers] of such a [large, or monopoly] company are, and necessarily must be ..., from the nature of things [being put to lead such a company], so perfectly indifferent about the happiness or misery of their subjects ... [and] the glory or disgrace of their administration.

Significantly, Smith here traced problems of managerialism and opportunism to the ‘situation’, i.e. to institutional structures, but not to problems of human nature or ‘character.’ This reflects the key analytical focus of economics early on of Smith, and similarly of modern institutional and constitutional economics (Buchanan 1975, 1987a, 1987b; Williamson 1975, 1985; Vanberg 1992, 2001). They analyze ‘opportunism’ and other forms of ‘predatory behavior’ as an endemic situational condition of ill-designed incentive structures – but not as an intrinsic problem of human nature.

Throughout the history of economic research, problems of managerialism have remained a key topic: for instance, in Taylor’s (1912, p. 153) writings, when he admitted that his hopes
for the great mental revolution of managerial attitudes had failed – because of its behavioral ‘human nature’ orientation and its non-systemic approach, being explicit about it (Wagner-Tsukamoto 2003, pp. 85-89; 2007b; 2008a). Similarly behavioral proposals were made by Simon (1945, pp. 52-9, 113-118, 162) to control for ‘organizationally non-rational’ management behavior, Simon then largely relying on value indoctrination to resolve managerialism, searching for the virtuous top manager, which is, in certain respects, surprisingly reminiscent of Taylor’s approach regarding the heartily cooperative manager.

In contrast to this, and more in the early tradition of Smith, the studies of Berle and Means (1932) blamed ownership structures of the firm for managerialist behavior; and Luce and Raiffa (1957) set out that the socially undesirable outcomes of the prisoner’s dilemma are caused by a defective incentive logic of the situation but not by egoistic, ‘bad’ human nature; or comparably, Hardin (1968) pointed out that the incentive logic of a situation is to blame for socially detrimental outcomes of self-interested choice behavior in a group. In these latter writings, exploitative, opportunist behavior of any organization member is (to be) controlled for, as economics conventionally argues, through economic techniques of intervening with the situation but not through intervention with human nature. Clearly, mainstream economics, from Smith onwards, has been aware of managerialism and has centrally aimed to control for it through situational intervention (As noted, behavioral economics or economic sociology favor different conceptual routes).

Conclusions
The preceding discussion contributed to a debate on business ethics not only by clarifying whether and if so, how humanistic management could lean on economics (as it emerged in the tradition of Smith’s *Wealth of Nations*) but also by spelling out ethical dimensions of such a leaning of humanistic management on economics. Nonpersonalist humanism was suggested as the common ground for reconciliation of humanistic management and economics inside the market economy. The paper set out three ‘economizing’ reconciliation strategies through (1) making explicit the common good orientation of managerial and corporate activity in a market economy, which results as the unintentional by-product of profit-generating management; (2) the systemizing of ethics in constitutional and institutional-legal structures that constrain managerial and economic activity in a market economy; and (3) the capitalizing (‘commodifying’) of personalist ethics in processes of capital exchange as ethical capital (both as production capital and as transaction capital). In these regards, personalist humanistic management can lean on economics in ethical ways (with conventional economics, in the tradition of Smith, being viewed as moral philosophy, albeit a different one than personalist humanism).

It becomes apparent that this paper is not against humanistic management in the sense of being deliberately opposed to humanistic management. For one thing, as recapitulated, the paper outlined routes to nonpersonalist humanistic management which lean on economics (i.e. economics that analyzes and informs the market economy). For another thing, as also briefly revisited above, the paper does not even see itself in opposition to personalist humanistic management, instead it suggests ways as to how this approach to management and business ethics can be ‘economized’ in various ways, and then connected with
economics and nonpersonalist humanistic management in ways which still support the market economy.

Claims that the market economy and economics must exclusively and primarily be based on a personalist humanistic framework, a ‘true’ anthropology, and ontological realism, especially regarding human nature, are constantly flagged up by proponents of personalist humanistic management (e.g. Rocha and Miles 2009; Acevedo 2012; more were quoted above). These claims however, are not substantiated in relation to and they do not engage with the moral philosophical and methodological foundations of economics, especially economics that emerged in the moral tradition of Smith’s *Wealth of Nations*; i.e. regarding public good / mutual gains as outcome of capital exchange; regarding the moral constraining of capital exchange through constitutional and institutional-legal structures; and regarding the creation of ethical capital in processes of capital exchange (as transaction capital and/or production capital).

As noted, the *homo economicus* model is often targeted as a claimed amoral, immoral, or empirically false image of human nature. This is unfortunate in a number of respects. First, the *homo economicus* is merely a pre-empirical tautological tool of economic analysis, and as such it cannot be the subject of empirical or moral analysis: Only the purposes to which it is put in economic theory building and in practical-normative economic intervention can be morally and empirically scrutinized. Examined this way, public good outcomes, institutional economic structures, and processes of capital exchange need to be empirically ‘tested’ and morally evaluated – and economics has little to fear in this respect regarding accusations of unrealism or immorality.
Second, in order to confront (a) problems of managerialism (as raised early on by Smith 1776/1976, pp. 641, 752; Taylor 1911, pp. 27-29, 36-38; 1912, pp. 27-31, 153; Berle and Means 1932), (b) opportunism on the side of workers (Taylor 1903, p. 32, 1911, pp. 19-20, 1912, pp. 118-119), or (c) opportunism and corruption on the sides of all stakeholders of the firm (including governments), the tool ‘homo economicus’ is essential. Only by applying this tool to analyzing and organizing processes of management and governance, can these processes be made ‘homo economicus’-resistant. Implicitly, even writers on personalist humanistic management seem to follow this route (I discussed, as an example, Pirson and Turnbull 2011, pp. 109-111, above).

In general, significant differences exist when reconciliation between personalist humanistic management and economics is approached either from within the market economy, or by exiting from the market economy. I find it questionable that the project of a holistic synthesis of personalist humanism with economics (Acevedo 2012, p. 203; more sources were quoted above) is feasible inside the market economy, or that somehow business ethics could be or needs to be grounded in a human anthropology and ethics-based metaphysics. Undeniably, economics and ethics do need to be reconciled, but this can be achieved differently – inside the market economy – instead of by prioritizing and imposing a humanistic anthropology as such on economics. In my view, such a reconciliation project finds itself in direct opposition to economics that is still interested in analyzing and advising on the market economy.

The paper went on to point out that more viable routes to reconciliation inside the market economy consider profitability, productivity, efficiency and other economic criteria for running an enterprise, and translate (‘economize’) personalist humanistic strategies, as far
as this is possible, into an economic calculus of management and governance (e.g. of strategic human resource management). Functionally, personalist humanistic management can at best prove to be accidentally compatible with economics, but it may also find itself in outright opposition to economics, namely in the case that personalist humanism is in conflict with economic criteria.

Also, utilitarianism cannot be dismissed outright as an ethical doctrine for morally grounding the market economy further, or as an economics that analyzes and informs the market economy. However, this seems to be implied by writers on personalist humanistic management without much debate: ‘Philosophy, taken in itself, is above utility’ (Acevedo 2012, p. 216). Grassl and Habisch (2011, p. 39) pursue a similar argument when they connect to Catholic teaching and the moral-free assessment of means by (act) utilitarianism. I guess Bentham, Mill and other utilitarians would disagree regarding the dismissal of utilitarianism as an ethical doctrine, not only regarding rule utilitarianism (which allows bringing means under ethical assessment from a utilitarian perspective) but also already regarding act utilitarianism. Indeed, ‘even’ Mill (1950) invoked Christian ethical ideals, ideas of benevolence, charity, and concepts of the common good to justify and to specify utilitarianism:

I must again repeat what the assailants of utilitarianism seldom have the justice to acknowledge, that the happiness which forms the utilitarian standard of what is right in conduct, is not the agent’s own happiness, but that of all concerned. As between his own happiness and that of others, utilitarianism requires him to be as strictly impartial as a disinterested and benevolent spectator. In the golden rule of Jesus of Nazareth, we read the complete spirit of the ethics of utility. ... As the means of
making the nearest approach to this ideal, utility would enjoin, first, that laws and social arrangements should place the happiness, ... or interest, of every individual as nearly as possible in harmony with the interest of the whole; and secondly, that education and opinion, which have so vast a power over human character, should so use that power as to establish in the mind of every individual an indissoluble association between his own happiness and the good of the whole. (Mill 1950, p. 16; see also Raico 1964, p. 32)

Concepts of the ‘common good’, ‘benevolence’, or ‘Christian ideals’ are selective examples of the very ideas which supporters of personalist humanistic management claim they could exclusively monopolize for their approach. The paper outlined that this project is questionable; indeed, that personalist humanistic management needs to lean on economics in order to stand better chances in realizing its own objectives inside the market economy. If personalist humanistic management put itself in opposition to economics and concepts of competition, profitability, efficiency, etc., then in my view humanistic management would deteriorate in economic interactions (inside the market economy), and ultimately system exit from the market economy would become the only viable option. However, this latter option of overcoming the market economy through personalist humanistic management reflects a different project to that of reforming the market economy from within.

From the humanistic literature I have reviewed so far, in my view, only Marxist ethics clearly sets out why and how the market economy should be overcome from its point of view on humanistic and other ethical grounds. Conceptually the approach is precise and clear, although I do not necessarily share its optimism that the resulting society and economy would be fairer and more humane, and I specified arguments in this respect above
regarding the concept of nonpersonalist economic humanism as it can be linked in ethical terms, already in the tradition of Smith, to the market economy.

Personalist humanistic management needs to choose its ground in this respect more clearly: whether it aims at an economic utopia outside the market economy; and more specifically, as to why management goals of maximizing the flourishing of the human person necessitate system exit from the market economy, and how the resulting society would be fairer and more humane (and possibly different from a Marxist society). Conversely, if personalist humanistic management aims to reform the market economy from within; then specifically, as to how it conceptually positions and possibly prioritizes the goal of the (unqualified or qualified) flourishing of the human person in relation to profit-generating management, in a market economy where competition reigns. Regarding the latter route, the present paper has suggested ways as to how personalist humanistic management can lean on ‘conventional’ economics and nonpersonalist humanistic management, inside the market economy.
References


