Chapter 3

A new humanistic model

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Harold Demsetz, the famed Chicago School economist, begins his book on homo economicus by introducing Ebenezer Scrooge, the focal character in the Charles Dickens novella *A Christmas Carol*.[1] He suggests that Ebenezer Scrooge represents the quintessential homo economicus, miserly, misanthropic, cold-hearted, and greedy. Ebenezer Scrooge was the inspiration for Walt Disney's character Scrooge McDuck, the money-counting uncle without kids. If Ebenezer Scrooge and Scrooge McDuck are the model men for economics, and, as consequence, for a large part of management science, what other model is out there?

At the beginning of Chapter 1, we met Elisabeth, Richard, and Tiffany, who were disillusioned by their encounters with contemporary organizational life. Is there a model that can explain the unhappiness of such otherwise successful human beings? According to psychologist Art Markman, you cannot replace something with nothing.[2] The challenge for the many critics of homo economicus and REMM has been to propose an alternative theoretical model. Theoretical models are helpful by reducing complexity and distilling the essence of a phenomenon. The power of homo economicus and his intellectual grandchild REMM is the model's relative parsimony. Theorists can use it to explain and predict behavior, as well as propose alternative approaches. As stated before, theories vary in terms of their accuracy and parsimony, but the principle of Occam's razor pushes theorists towards parsimony. To paraphrase once more:

> […] among competing hypotheses, the one with the fewest assumptions should be selected. Other, more complicated solutions may ultimately prove correct, but—in the absence of certainty—the fewer assumptions that are made, the better.[3]

Occam's razor directs theorists to adopt models containing the fewest assumptions. However, once those assumptions are falsified, models should shift to include other assumptions that can be tested. The inaccuracies of homo economicus and REMM have long been made visible, and many Nobel Prizes have been awarded. For example, Herbert Simon, Daniel Kahneman, Elinor Ostrom, and Amartya Sen have received the highest distinction for research that challenges traditional economistic thinking. Nevertheless, the base line assumptions have remained largely unchanged, at least in those parts of the social sciences that agency theory influences, which include management science.[4] In fact, new disciplines have emerged, such as behavioral economics, psychological economics, evolutionary economics, behavioral finance, positive management, and positive organizational behavior, which stay at the margin of their respective fields. It is true that REMM yields novel insights into a number of fields, including political economy, psychology, and public policy. However, given the vast challenges and theoretical mismatches, we are probably experiencing what Kuhn calls a "pre-paradigm shift phase."[5] In this

phase, the dominant models fail visibly, and new models compete for a higher level of accuracy. It is impossible to be modest about the task of formulating such alternative paradigms, yet we believe that the humanist perspective can provide valuable insights.[6]

Many scholars, including Daniel Kahneman, Henry Mintzberg, Amartya Sen, Elinor Ostrom, and Sumantra Ghoshal, have criticized homo economicus and REMM for being inaccurate, yet the challenge has been to provide a model of similar parsimony, but higher accuracy. In the following section, insights from evolutionary biology and neuroscience will form the basis of a proposed new humanistic model. The work of Lawrence and Nohria, as well as the collaborative work of Lawrence and Pirson, form the cornerstones of this proposition. Building on their work, I integrate additional insights from the humanities and social sciences to build a model of human behavior that reflects the emerging consilience of knowledge. The proposed model is based on four innate human drives that need to be balanced to achieve dignity and well-being. The proposed model is only one of many possibilities, of course. The attempt here, though, is to present a model that is based on scientific insights rather than mere assumptions. It draws on the emerging insights into why Homo sapiens has survived.

Compared to REMM, the power of such a humanistic model is arguably twofold: it increases accuracy and it remains equally parsimonious. It also explains behavior that REM models explain, but can go beyond this.[7] It is not a naïve rejection of the evil in human nature, but presents a comprehensive perspective that can explain good, collaborative, moral, and empathetic behavior, as well as evil, psychopathic, immoral behavior. It is thus more realistic.

Basic considerations

Before detailing the model, it is important to take a step back to situate the emergence of this novel humanistic perspective. Whereas economistic and humanistic conceptions have been presented as competing, it is critical to understand that they share a common origin. The German philosopher and former Minister for Culture, Julian Nida-Ruemelin, argues that humanistic and economistic perspectives build on the assumption of human freedom, and take the human individual as its starting point.[8] Both perspectives are therefore equally hostile to any form of collectivism. Similarly, both traditions emphasize the human capacity for reasoning. As a result, homo economicus and REMM models can be helpful when examining market behavior based on individual reasoning.

The humanistic model will build on the old model, but expand it significantly by integrating insights from evolutionary science and the humanities. In contrast to economism, humanism for example, assumes that human nature is not entirely a given, that it can be refined through education and learning.[9] Universities and public schools were established under the auspices of the humanist tradition to form citizens. Similarly, Nida-Ruemelin suggests that another distinctive feature of humanism is the normative, ethical component that attributes unalienable rights to everybody, independent of ethnicity, nationality, social status, or gender. This view is

echoed by other scholars, who propose the notion of *human dignity* as a baseline concept of humanistic thought[10]. A dignity threshold is thus a universal baseline for the accordance of human rights for everyone.

Evolutionary biology increasingly supports the traditional humanistic perspective on human nature as a *zoon politikon*, a relational human being. According to the humanist perspective, people materialize their freedom through value-based social interactions. When they engage well with people, they do so by protecting and enhancing their respective humanity and dignity; guided by the Golden Rule, they treat each other as a means, but also as an end in themselves. This is not an idealistic vision of people as do-gooders, but is the reason for Homo sapiens having survived. Moral behavior allows people to build better and longer-lasting relationships that enhance mutual trust and well-being. When they thrive, they are intrinsically motivated to self-actualize and serve others through what they do. Humans do not predictably follow maximization strategies, nor do they have fixed, preconceived utility functions, but their interests, needs, and wants take shape through discourse and a continuous exchange with the outside world.[11] To thrive and be happy, such human beings balance their interests and, in accordance with general moral principles, align them with the interests of others (partners) and their community[12]. Respect for dignity and overall moral behavior are viewed as pathways to well-being and a higher common good.

Figure 3.1: Comparative Views on Human Nature

Human nature	**Economistic View**	**Humanistic View**
Foundation	Wants	Drives
Goal	Maximization	Balance
Operating Modes	Fixed Utility Curves/ Opportunity Sets	Routines, Learning, Practical Wisdom
Focal Point	Individual	Relational
Role of Dignity	Absent	Critical
Role of Morality	Amoral	Moral/Immoral
Aspiration	Wealth/Status/Power/Reputation	Well-being

To summarize, both views of human nature are based on some understanding of human agency and freedom. The economistic perspective highlights wants as the foundation of human agency, and argues that the maximization of wants is a fundamental human motivation. According to the economistic perspective, fixed utility functions, or opportunity sets centered on their individual benefit above all else, guide humans. The notion of human dignity as a moral cornerstone is absent, and humans are fundamentally considered amoral (not immoral). The highest aspiration for humans is therefore to achieve wealth, power, status, and reputation (see also Figure 3.1).

In the humanistic perspective, evolutionary drives are the foundational motivation, and achieving a balance is the goal. In the humanistic perspective, humans operate according to routines, yet learn and adapt constantly. According to the humanistic perspective, the key reason for the survival of humans is their relational nature, for which dignity and morality are crucial. Their highest aspiration is to achieve a level of well-being and to flourish.

The baseline model

Evolutionary biology points to four independent drives of human nature, which are critical for the survival of the species. Darwin suggests we share an evolutionary background with many animals,[13] while neuroscience's insights point to deeply-rooted neural mechanisms that reward us when we acquire and defend what we deem necessary for survival. Lawrence and Nohria (2002) label two basic drives that we share with all animals as a) the drive to acquire (dA) and b) the drive to defend (dD).[14]

The Drive to Acquire (dA)

Lawrence argues that humans, in common with all animals, have a fundamental drive to get what they need to stay alive and have progeny: food, water, warmth, sex, etc.[15] Modern neuroscience provides evidence to support the biological basis of the drive to acquire[16]. Researchers found, for example, that an area in the brain called the "nucleus accumbens" lights up with increased blood flow when people and animals experience pleasurable sensations from objects they encounter, ranging from tasty food to the sight of a beautiful face.[17] This drive is commonly acknowledged by many economic and management theorists, including Jensen and Meckling, as the basis for utility maximization.

The Drive to Defend (dD)

Lawrence and Nohria claim that in most species the drive to defend is a mirror image of the drive to acquire.[18] What needs defending is what needed to be acquired—food, water, warmth, mates, and so on. Carter and Frith present evidence that the drive to defend seems, like the other drives, to be housed in the limbic area of the brain, specifically in a module called the "amygdala".[19] Carter and Frith explain that the amygdala acts as the brain's alarm system. Depending on the situation, the amygdala will issue a feeling of panic, which translates into a flight mechanism. However, it could also stimulate excessively friendly behavior to appease the opponent. A third response could be to fight, which is increasingly inappropriate in modern civilizations. Lawrence and Nohria further argue that, in humans, the drive to defend means far more—not only the physical necessities of life and procreation, but also relationships, cooperative efforts, and world views (see the idea of protected values).[20] Similar to the drive to acquire, humans can satisfy their drive to defend in a huge variety of ways, and often in cooperation with others.[21]

A humanistic extension

Simplified, the above two drives (drive to acquire and drive to defend) can explain the economistic perspective on human nature. Within this perspective, all other drives and interests are subordinate to the ambition to maximize the drive to acquire.[22] Spencer's account of

Darwin's findings[23] reduced human behavior largely to a two-drive model, which subordinated all other human concerns to the impetus of acquiring and defending.

The novelty of the recent evolutionary findings and their importance lie in the addition of two important and *independent* drives, or what Lawrence and Nohria label 1) the drive to bond (dB) and 2) the drive to comprehend (dC). Based on these findings, Paul Lawrence developed a renewed Darwinian theory (RD theory),[24] which rehabilitates Darwin's groundbreaking insights into human behavior, which are often overlooked or misunderstood.[25] In essence, RD theory explains how the human brain has developed via natural selection, as well as through sex and group selection mechanisms, to make complex decisions about all aspects of life (personal, communal, and societal). This theory posits that the two additional drives are independent of the other drives and represent critical ultimate motives that underlie all human decisions: The **drive to bond (dB)** enables long-term, mutually caring relationships with other humans, and **the drive to comprehend (dC)** allows us to make sense of the world around us in terms of its multifaceted relations with ourselves.[26] In Darwin's own words:

> The small strength and speed of man, his want of natural weapons, etc., are more than counterbalanced by his *intellectual powers*, through which he has formed himself weapons, tools, etc., and secondly by his *social qualities* which lead him to give and receive aid from his fellow-men.[27]

In the following section, the evidence for the existence of these two independent drives is presented in more detail. It is important to note that these arguments are still developing as new evidence is constantly being generated, but the theoretical basis of a four-drive model of human behavior provides propositions that can be tested.

The Drive to Bond (dB)

Aristotle hinted at the drive to bond when he stated that human beings are social animals (*zoon politikon*).[28] Darwin observed the drive to bond in humans when stating:

> Every one will admit that man is a social being. We see this in his dislike of solitude and in his wish for society beyond that of his own family. Solitary confinement is one of the severest punishments which can be inflicted.[29]
>
> *or*
>
> Under circumstances of extreme peril, as during a fire, when a man endeavors to save a fellow-creature without a moment's hesitation, he can hardly feel pleasure; and still less has the time to reflect on the dissatisfaction which he might subsequently experience if he did not make the attempt. Should he afterwards reflect over his own conduct, he would feel that there lies within him an impulsive power widely different from a search after pleasure or happiness; and this seems to be the deeply planted social instinct.[30]

These observations seem almost trivial, as most of us will have observed that people tend to form bonds with other people. Lawrence, however, suggests that we need to reevaluate this utterly familiar phenomenon not simply as "the way people are," or as "the innate goodness in people," but as one of four survival-oriented criteria.[31] Much like E.O. Wilson suggests, the sociality of

human nature allowed its survival and the conquest of the Earth.[32] A number of experiments have offered evidence that there is an independent drive to bond that our brain supports. LeDoux, for example, found that when certain parts of the limbic area—the hypothalamus and anterior thalamus— are impaired, individuals have a difficult time forming any meaningful or stable social relationships.[33] Similarly, d'Amasio suggests that damage in certain parts of the brain leaves people lacking emotions, the ability to make rational decisions, and to form new bonds.[34] In experiments that examined group bonding mechanisms, Tajfel found that a group of strangers, divided into arbitrary subgroups, forms surprisingly strong attachments to members of the same group, even if the group is completely meaningless and has no prior history.[35] Studies by Warneken and Tomasello, who found that human infants (between 18 and 24 months old) show a spontaneous, unrewarded impulse to help others, even though they seem too young to have emulated this behavior from adults, provide further support for the innate and independent drive to bond.[36] In these experiments, researchers, who were strangers to the toddlers, accidentally dropped items and pretended to unsuccessfully reach for them. The children retrieved the items for the experimenter 89 per cent of the time. Henrich and colleagues, who find that the value of fairness exists across cultures, and trumps the drive to acquire in what is called "the ultimatum game," provide further evidence that this impulse may not be socially learned, but inherent and universal.[37] Searching for homo economicus, the researchers conducted experiments in 15 countries across the globe to see how people would react when they were offered money, let's say US$100. This "ultimatum game," allows people to suggest whether and how much they would share their windfall sum. A second person has the right to accept or to reject the offered sum. If the second player rejects, no one will receive any money. The researchers found that, across the globe, players rarely behaved as homo economicus are expected to behave, i.e. either offering or accepting the smallest sum of money. Instead, they largely preferred a "fair" sharing of the cash and rejected "unfair" proposals, even to their detriment.[38] To further highlight how deeply the drive to bond affects us, Lawrence argues that all humans, except the rare psychopath, experience pain at the loss of an important long-term relationship, whether by death, divorce, downsizing, or any other causes.[39] For example, emigration is known to cause deep and lasting grief.[40] In many cases, this pain is so deep that a reductionist explanation using the drives to acquire and defend is insufficient.

The Drive to Comprehend (dC)

Aristotle observed the drive to comprehend when he qualified humans as social animals endowed with reason. Many scholars have since suggested that humans have a fundamental drive to understand themselves and their environment.[41] Gribbin and Gribbin refer to it as mankind's insatiable curiosity.[42] Darwin referred to the drive to comprehend by stating:

> As soon as the important faculties of the imagination, wonder, and curiosity, together with some power of reasoning, had become partially developed, man would naturally crave to understand what was passing around him, and could have vaguely speculated on his own existence.[43]

Lawrence argues that the drive to comprehend can be witnessed in the curiosity of children, who ask questions without knowing whether the answers will ever be of any use to them in fulfilling their other drives. Even newborns, once fed and secure, start exploring the world with their eyes and their hands. The popularity of puzzles, Soduko, or trivia quizzes is also testimony to the

independent drive to comprehend, since solving them provides immediate gratification, but only remotely serves in other terms. Another supporting argument is that anthropologists have not found a single culture that does not have a creation story, and few that do not have an afterlife story.[44] People seem to need these stories to give meaning to their lives,[45] regardless of whether or not the stories confer any advantage in acquiring, bonding, or defending. Lawrence goes as far as to suggest that religions arose in all societies primarily to help fulfill this drive. Psychologist Steven Pinker argues that the drive to comprehend has helped humans survive against stronger and faster animals by devising weaponry, building houses etc.[46] Rather than doing things by instinct, humans tend to figure things out, which in turn can prove very useful as a survival mechanism.

Development towards independence of drives

Why is the above argument about two different, *independent* drives relevant? After all, bonding and comprehension could simply be used to acquire and defend better, thus supporting the Spencerian, economistic narrative. According to anthropologists and evolutionary psychologists, the independence of the drives to bond and comprehend from the basic drives is key to understanding human evolution. In fact, evolutionary scholars argue that humans have evolved a brain that can continually adapt to its *contemporary* environment, rather than relying on its adaptation to an *ancestral* environment.[47] Accordingly, our brain was an adaptation to a period of extreme and comparatively rapid climatic shifts, the first occurring about two million years ago, the second occurring around 150,000 years ago.[48] These two major shifts explain the development of *independent* drives to bond and to comprehend; the drive to bond emerged when human ancestors transitioned from Homo habilis to Homo erectus. The drive to comprehend emerged during the shift from Homo erectus to Homo sapiens.

The emergence of bonding

The first evolutionary shift occurred about two million years ago and established the human drive to bond in our neural blueprint.[49] It arguably occurred because pair-bonding proved essential to the survival of the hominid line.[50] Adam Kuper, a South African anthropologist, argues that Homo erectus proved fitter for survival than its hominid predecessor, Homo habilis, mainly because its brain supported a nuclear family structure.[51] Such a structure proved superior, because with increasing brain sizes and slower maturation, offspring needed increased protection. The family bond became a survival mechanism and was probably strengthened by the discovery of fire. Once controlled, fire supported small communities and changed their feeding patterns. Physical anthropologist Richard Wrangham and his colleagues have pointed out that cooking increased the food supply by making it possible to consume plants, such as many roots, that were otherwise toxic or too tough to chew.[52] In addition, cooking helped conserve food and allowed edibles to be stored.[53] the downside of storage was that food would be much more vulnerable to theft, particularly by larger males. According to Wrangham and colleagues, females, who most probably gathered the vegetables, therefore looked for help with guarding the food.[54] Hence, there was a clear evolutionary advantage in mating with a reliable man willing to bond with a particular woman.[55]

There is mounting evidence that the drive to bond is manifested as an independent drive in our brain. The independent status means that satiation of the drive to bond occurs independently of

other drives' satiation. Nevertheless, research suggests that the brain and the human nervous system reward satiation of the drive to bond in a very similar manner as the drive to acquire and the drive to defend. For example, researchers at the National Institutes of Health scanned the brains of volunteers who had been asked to think about either donating a sum of money to charity or keeping it for themselves. When the volunteers thought about donating the money, a section of the limbic area of their brain lit up.[56] This, surprisingly, was the nucleus accumbens, which usually lights up in response to food or sex.[57] Similar evidence suggests that bonding through, for example, donating money increases human well-being much more than acquiring, such as keeping the money for oneself.[58] Other research suggests that altruism is not necessarily a superior moral faculty for suppressing an egoistic nature, but a hard-wired element which leads to pleasure.[59] As such, Lawrence argues that the drive to bond is a full-fledged drive in its own right, and is hard-wired into the brain.[60]

Comprehension matters

The shift from Homo erectus to Homo sapiens finally introduced the drive to comprehend as an independent drive in our neural structure. This shift is known as the Upper Paleolithic Transition (UPT), which is believed to have occurred about 150,000 years ago.[61] According to many evolutionary scholars, Homo erectus, who probably only developed very simple tools made of stone and wood, evolved into modern Homo sapiens. With this transition, the human species developed language, sophisticated technologies, complex tribal institutions, and civilization as we know it today.[62] Steven Pinker described the dramatic transition in these terms:

> Calling it a revolution is no exaggeration. All other hominids come out of the comic strip *B.C.*, but the Upper Paleolithic people were the Flintstones. More than 45,000 years ago they somehow crossed sixty miles of open ocean to reach Australia, where they left behind hearths, cave paintings, the world's first polished tools, and today's aborigines. Europe (home of the Cro-Magnon) and the Middle East also saw unprecedented arts and technologies, which used new materials like antler, ivory, and bone as well as stone, sometimes transported hundreds of miles. The toolkit included fine blades, needles, awls, many kinds of axes and scrapers, spear points, spear throwers, bows and arrows, fishhooks, engravers, flutes, maybe even calendars. They built shelters, and they slaughtered large animals by the thousands. They decorated everything in sight—tools, cave walls, their bodies—and carved knick-knacks in the shapes of animals and naked women, which archeologists euphemistically call "fertility symbols." They were us... [This] first human revolution was not a cascade of changes set off by a few key inventions. Ingenuity itself was the invention, manifested in hundreds of innovations tens of thousands of miles and years apart.[63]

Pinker's observation that "ingenuity itself was the invention," suggests the emergence of what Lawrence and Nohria call an "independent drive to comprehend" in Homo sapiens; increasing empirical evidence points to its independent physical existence in the brain as well. Neuroscientists Irving Biederman and Edward Vessel found that a part of the brain which helps recognize what we see, seems to be equipped with its own reward system of opiate receptors, which give a pleasurable "high" when stimulated by a new image.[64] This pleasurable "high" can also be experienced when getting a right answer in a trivia quiz or solving a Sudoku. In history, such emotional reactions to "getting it" have also been described as the "Eureka" effect.[65]

Increasing evidence demonstrates that humans yearn for novelty, creativity, and understanding, because our brain rewards us for it. At the same time, the human brain does not reward routine and monotony, which typically lead to boredom. Biederman and Wessels found that a pleasurable response is diminished when the same image was recognized repeatedly. According to Biederman and Vessel, these opiate receptors get bored by repetition and need new stimulation, which leads us to curiosity. According to Lawrence, humans are directly rewarded with pleasure when learning something new. The human brain time and again rewards comprehending independently. Throughout evolution, the hard-wired reward for learning has had a positive side effect, in that species that learned became more adaptive than species that did not keep learning.[66]

Developing a humanistic synthesis

In summary, the new humanistic model of human nature builds on evolutionary sciences' insights. At the base it posits **four basic drives**, ultimate motives that underlie all human decisions. There are two ancient drives that all animals with some capacity to sense and evaluate their surroundings share; **the drive to acquire (dA)** life-sustaining resources, and **the drive to defend (dD)** against all life-threatening entities. In addition, there are the two newer drives, which evolved to an independent status only in humans: **the drive to bond (dB)** in order to form long-term mutually caring relationships with other humans, and **the drive to comprehend (dC)** in order to make sense of the world around us with regard to our own existence.[67]

As can be seen in Figure 3.2, the economistic model can potentially accommodate these four drives: the drive to bond, the drive to comprehend, and the drive to defend all serve the drive to acquire. In contrast, the humanistic view suggests that we have four *independent* underlying natural drives that need to be continually balanced. The humanistic model presupposes that none of the drives can be maximized, but that they need to be in balance to provide a sense of dignity and well-being. In the humanistic model, the independent status of the drives to bond and comprehend means that they are treated as ends in themselves, and rewarded by the brain and nervous system in the same manner as dA or dD. The independence of the four drives thereby renders the model of human nature more complex.

[insert Figure 3.2 near here]

Figure 3.2: The Economistic versus the Humanistic Model

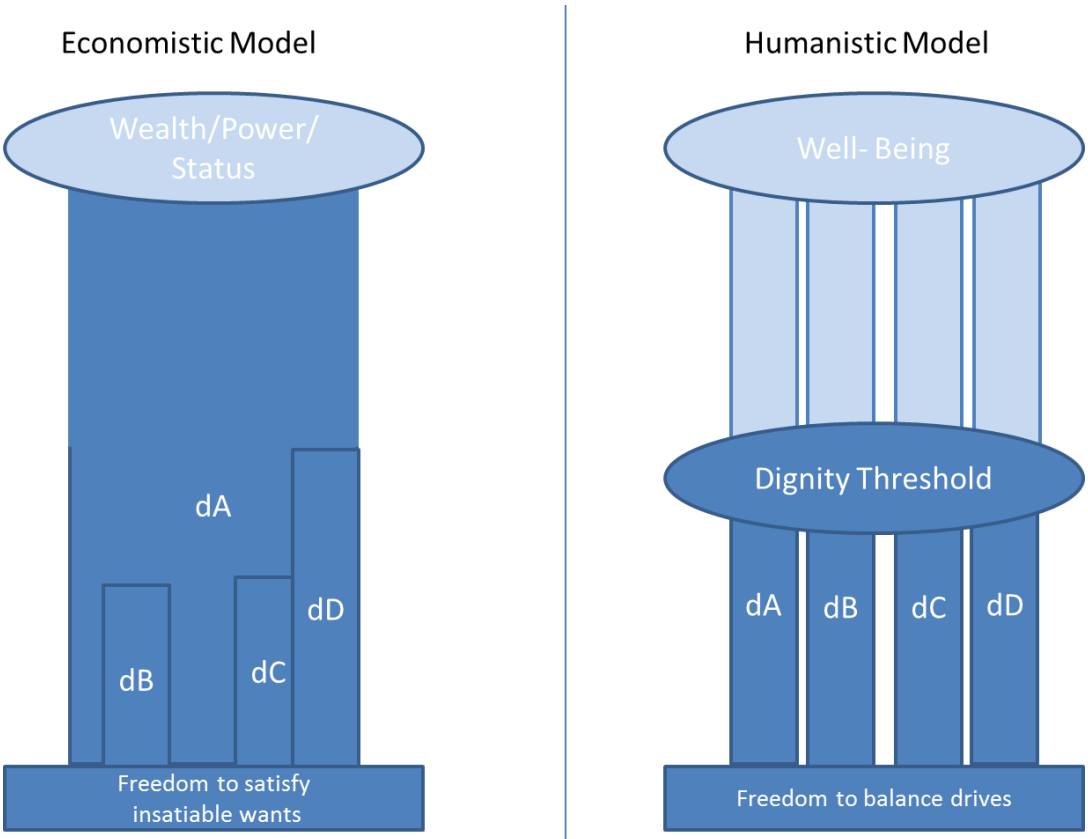

Figure 1: A New Humanistic Model

Emerging research in the field of neuroscience finds supportive evidence for the complexity of human drives, and suggests that the prefrontal cortex of the brain has been uniquely designed to handle this complexity. In the humanistic model, the drives to acquire and to defend still remain viable and important factors in determining human behavior, yet the drive to bond with fellow humans and the drive to comprehend are strong independent, competitive forces. As a result, the four independent drives are frequently in conflict with each other. In everyday life, humans struggle to decide how to behave, and how to adaptively respond to the immediate circumstances, for example, whether to treat someone with respect or to disregard this person, whether to spend time with children rather than work, or follow the news on Twitter. Lawrence suggests that this condition of drive–conflict brings the prefrontal cortex into action.[68] Its main task is to create a suitable balance when faced with drive–conflict. Neuroscience suggests that the prefrontal cortex has the capacity to call on all the resources of the rest of the cortex (long-term memory, skills, etc.) to search for a response that satisfices all four drives.[69]

Dignity as a universal threshold

The four-drive model of human behavior can be enhanced if we take onboard perspectives from the humanities, as outlined in Chapter 2. For example, Hans Kueng's findings suggest that there needs to be recognition of a human dignity baseline.[70] Amartya Sen points out that such dignity enables human freedom.[71] Sen argues that if people have not fulfilled their baseline drives, they cannot be considered free. In this sense, and in contrast to what Jensen and Meckling claim, there are basic needs that need to be fulfilled.

The fulfilment of human needs can be included in the four-drive model through what management researchers Thomas Donaldson and James Walsh recently called a "dignity threshold."[72] In other words, to ensure human survival at the individual level, as well as the group level, a better model of human nature needs to integrate universal dignity thresholds. This would mean that the humanistic model needs to include a conceptual baseline that ensures basic human dignity as a matter of balance in the four drives. This baseline needs to be further restricted, but a dignity threshold could, for example, require minimum fulfillments of the drive to acquire (enough food), drive to defend (basic shelter), drive to bond (a social connection to other people), and the drive to comprehend (a basic purpose in life).

This dignity threshold represents a moral claim, but is also a key survival mechanism. Increasing research shows, for example, that whenever dignity is violated, the human brain reacts as if it experienced physical pain.[73] Donna Hicks, an internationally-renowned conflict researcher, argues that dignity violations are a permanent source of conflict.[74] Hicks mentions that conflicts across the globe fester if those dignity violations are not addressed.[75]Introducing the notion of baseline dignity is not only helpful, but essential if the model is to help explain human survival and human flourishing.

Practical Wisdom as Operating Logic

A further extension of the core four-drive model of human nature refers to the operating modus. As shown in Figure 3.3, the economistic perspective suggests that humans constantly rationalize the best decisions to maximize utility, while the humanistic perspective draws on capabilities of learning and practical wisdom. These capabilities to, for example, engage with others and live a life of purpose and thriving can be developed. In fact, Amartya Sen has argued that they *need* to be developed.[76] According to Sen, the purpose of human development in its various forms should be the development of capabilities. Nussbaum argues that there are particular processes that demonstrate how such capabilities can be developed so that they ensure liberty and dignity. She proposes a list of elements that are core for dignified development practice.[77] Hans Kueng and others, drawing on various ancient traditions, have uncovered a number of practices that help guide human judgment. These include Buddhism, Daoism, and Christianity, which offer practical wisdom practices that can guide people to make better decisions.[78] Recently, such practical wisdom practices have been labelled "stakeholder engagement" or "co-creation," in which the various parties that allow shared responsibility and shared benefits shape decisions together. The development and refinement of capabilities and processes of practical wisdom are a constant learning task. The humanistic model allows such practical wisdom, because it helps

balance the four drives on or above the dignity threshold, thus allowing flourishing and higher levels of well-being to occur.

[insert Figure 3.3 near here]

Well-Being as the Ultimate Objective

Another extension of the four-drive model of human nature relates to the purpose of human existence. In the reductionist, economistic model, the ultimate objective function is wealth, status, power, or anything else that can be maximized. This view has figured most prominently since technical and statistical research became the focus of economics and management studies. The work of Milton Friedman and his colleagues at the Chicago School represent this shift best.

In the humanistic model, the ultimate purpose of human existence is the notion of flourishing and well-being. In this, the humanistic model reflects a rather consistent, albeit often forgotten, agreement between economic thinkers about the purpose of the economy. Ever since the emergence of the concepts of economics and management, there has been a debate about their respective larger purpose. Aristotle, who is credited with popularizing the term "economics," wanted to distinguish "oikonomia" early on from sheer money-making, which he labelled "chrematistike." Oikonomia should follow moral rules and ultimately enhance "eudaimonia," the well-being of the community or polis. In his viewpoint, chrematistike represents the relentless pursuit of more, of which he disapproves.[79]

When Adam Smith studied the nature and causes of wealth in *The Wealth of Nations* (1776), he did so believing that wealth is a means to a higher end, which to him was the common good.[80] More recent economic thought leaders, including Ludwig von Mises, John Maynard Keynes, and Friedrich von Hayek, similarly argue that the order of economic affairs should lead to a higher level of happiness or overall well-being. Amartya Sen picks up the Aristotelian distinction when he argues that "economic sense" is defined in one of two ways: the first includes the achievement of a good society; the second narrowly concerns itself with business profits and rewards.[81] The humanistic perspective endorses the former as the true sense of oikonomia.

Consequently, the humanistic model is oriented towards a balance of the four drives, which achieves ever higher levels of well-being and flourishing.

Figure 3.3 Operating logics of Economistic versus Humanistic perspective

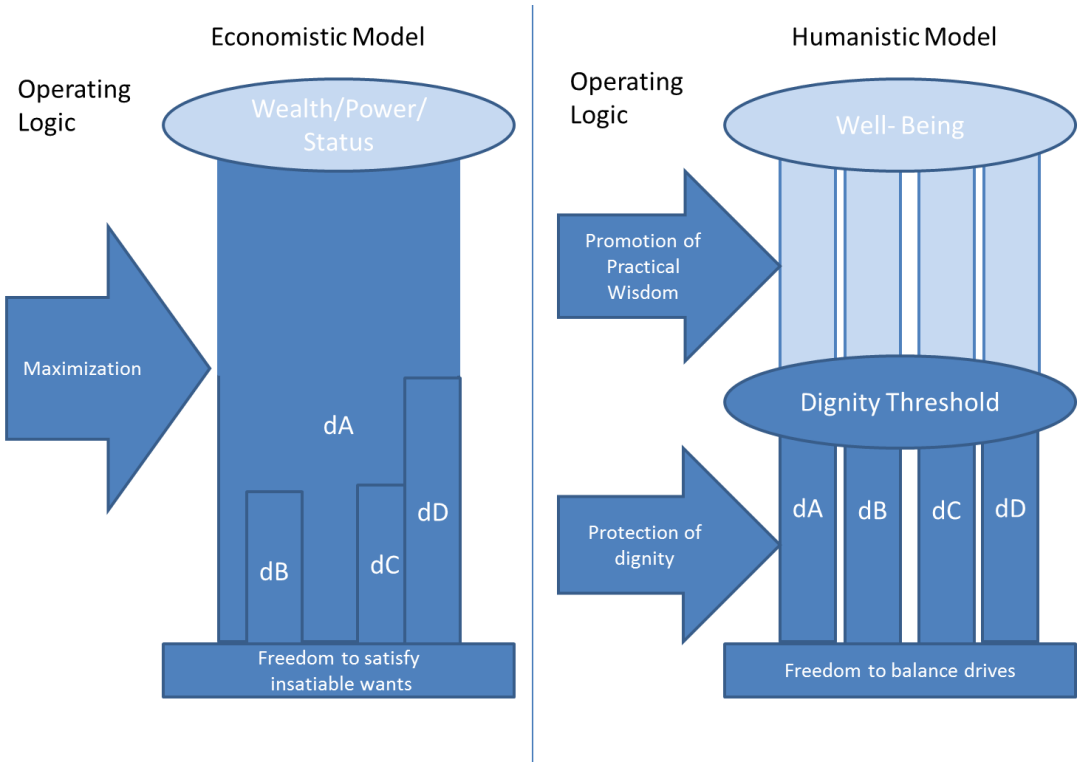

Figure 2: Basic Humanistic Management Model

Leadership and Organizations

The humanistic model of human nature is highly relevant to address some of the major global crises humanity faces. For example, if humans truly do care about their well-being and that of others, there should be organizing practices that allow for the formulation of solutions to problems like climate change, social inequality, and poverty. Some of these practices and the organizations that promote them will be highlighted later in the book (Chapter 8).

Leadership is one of the main practices that a different view of human nature can inform. As we have seen, it is an inherent ambition of the humanistic model to balance the independent four drives on or above the dignity threshold. Organizations and their leaders are responsible for ensuring these dignity thresholds and for enhancing the capabilities of the organization to achieve higher-level flourishing and the well-being of its various stakeholders.

In his book *Driven to Lead: Good, Bad, and Misguided Leadership* (2010), Paul Lawrence writes that good leaders intuitively know that they have to balance the four drives within themselves, with others, and within society (see Figure 3.4). Lawrence compares organizations to cars with 4-cylinder engines. Good organizations, according to Lawrence, run on all four cylinders rather than one.[82] These organizations are able to create a purpose beyond profit (dC), and are able to establish good relationships based on trust with the various stakeholders with whom they collaborate (dB). Lawrence suggests that bad and misguided organizational leaders try to focus on only one or two drives, say profit maximization (dA) and competitiveness (dD).

According to Lawrence, bad leadership follows a psychopathic model of human behavior and solely wishes to fulfill the drive to acquire. These leaders wish to achieve status, rank, and profit more than anything. They sometimes acknowledge the other drives, but mainly to enhance the drive to acquire. The bestselling management author Jim Collins, for example, highlights the example of the US corporate executive Albert J. Dunlap, who went into organizations to slash costs in the short term and hike up shareholder value, only to leave after a very short stint at the helm, taking several hundreds of millions of dollars as compensation with him.[83]

Misguided leadership can be understood as that which follows an economistic perspective. Leaders may very well sense, for example, that they cannot motivate employees by focusing on profit maximization; nevertheless, they try to incentivize them with stock options. Misguided leaders want to fit in with the dominant narrative of a strong leader, but do not grasp that they will only get the best out of their employees if they build authentic trust (dB), create a genuinely purposeful organization (dC), and make all stakeholders feel safe to interact with them (dD). Both Lawrence and Collins state that many leaders of publicly listed organizations fit this category.[84] In recent decades, the various attempts to discover the principles of excellence in leadership and organizations have time and again confirmed that the best organizations for people to work in, to work for, to be the customer of, and invest in are those that follow the four-drive model.[85]

[insert Figure 3.4 near here]

Although the humanistic model of human nature is not perfect, it can provide higher-level insights into organizational principles and decision-making. Guided by the humanistic model of human nature, leaders could approach their tasks very differently. As we have seen, the humanistic perspective encourages the development of practical wisdom. Leaders can apply this wisdom in order to elevate human beings to a state of thriving, which can be achieved when all four drives are in balance above the dignity threshold.

Figure 3.4: Humanistic perspectives on leadership

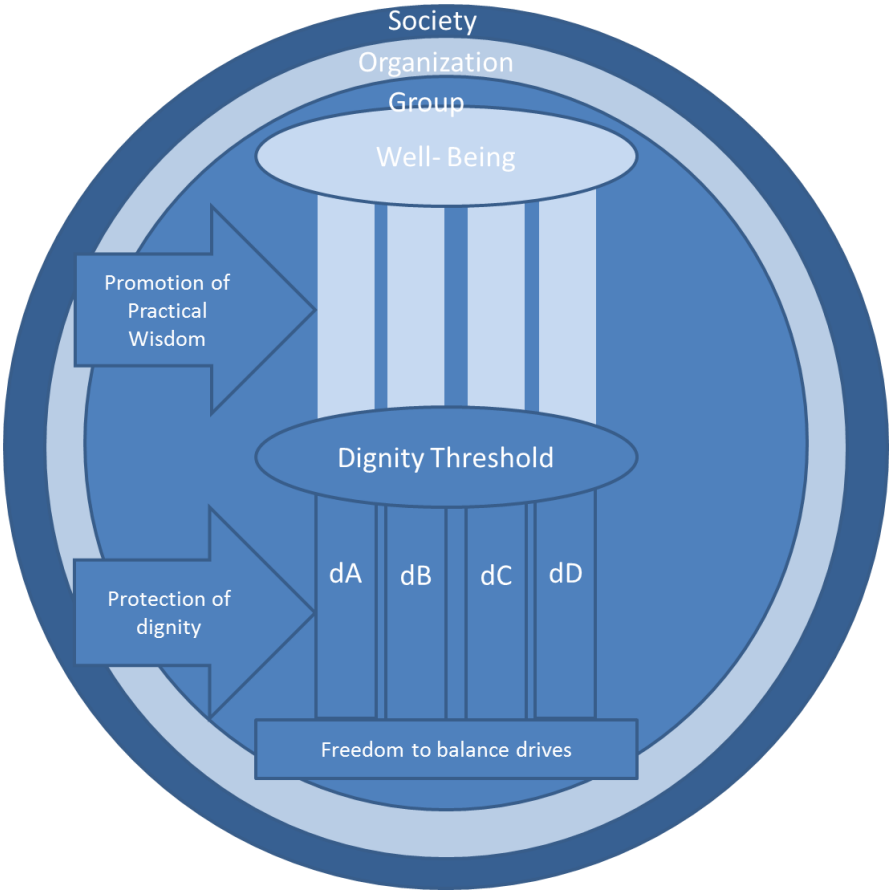

Figure 3: Humanistic Perspective on Leadership

Concluding Remarks

Management professor Chris Laszlo argues that a change in consciousness is needed to change the quality of leadership, the quality of organizations, and the quality of our society. E.O. Wilson suggests that we need to increase our awareness of what it means to be human. The humanistic model of human nature is an opportunity for management researchers and practitioners to increase such awareness.

The humanistic model of human nature is far from perfect, yet in comparison to the economistic model, it provides higher levels of accuracy while maintaining parsimony. The humanistic model of human nature distinguishes itself by acknowledging the four independent drives that allowed our species, Homo sapiens, to survive. The model also acknowledges that the *balance*, and not the maximization of these four drives, is the goal. Furthermore, the model integrates the notion of a dignity threshold, a level that represents the fulfillment of basic needs with regard to the four drives (food, shelter, community, purpose, and safety). Finally, the model introduces well-being as an objective function.

This model can serve as a basis for leaders and managers to develop themselves, their employees, and the organizational stakeholders with whom they work. Surely people like Elisabeth, John,

and Tiffany, who were introduced in Chapter 1, would prefer to work for leaders in organizations that address their respective four drives by, for example, paying fair wages (dA), providing opportunities for authentic care (dB), engaging in a higher purpose than profit (dC), while not threatening constant job cuts (dD).

In the next chapter, we explore the consequences of the humanistic view of human nature for general organizing practices.

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