

Heinz Siebenbrock

Fair Management

How to Stop Ruling
and Start Leading



With prefaces by Prof. Götz W. Werner, founder of dm-drogerie markt,
and Lucie Ledoyen, HR trivago

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and Start Leading**

Translated from German
by Tim Titchener

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Foreword to the English edition

“Your goal as a lead should be to become redundant”, – in fact to build such a strong team that they don’t even need you anymore. You will tell me: isn’t it a bit extreme to associate leadership with redundancy? How can a leader aim to be redundant?

It is quite a shift from the image you had in your head growing up when you overheard your parents talking about their work; their “boss” or “manager” certainly made sure they were visible and controlled their area of responsibility. This has been and to some extent still is the reality in most organisations, especially in the public sector.

Nowadays, more and more organisations are discouraging titles like “head of”, “director of” in favour of role descriptions such as “team lead”. This is definitely a step in the right direction because that’s what the role is supposed to be all about: the team.

So how should we go about leading then? At trivago, we assess leadership capability using four attributes: 1. business driven, 2. empowering, 3. strategic, and 4. team building.

“Empowering” is a word that is difficult to translate into other languages, yet it perfectly illustrates my vision of leadership. Being an empowering lead involves exposing your team to new experiences, topics, challenges, and people. The more you are exposed in this way, the more equipped you are to understand

the bigger picture, to connect the dots and therefore to add greater value to your role.

So your role as a lead is to provide your team with this exposure; to give them the context, provide the tools, connect them to the right people so that the team can understand the challenges it faces and consider solutions creatively.

Whether you are aspiring to become a lead, are a lead in the making or have been leading for some time, this book will enable you to see the connection between business results and empowerment. It will provide you with an understanding of what good and fair management actually is and, last but not least, will give you examples of practices to put in place in your organisation so you can stop ruling and start leading.

Enjoy reading!

January 2021

Lucie Ledoyen

Foreword to the German edition

‘Are you meant to be for the company
or is the company for you?’

Are the employees meant to be for you
or is the company for the employees?

Are the customers meant to be for the company
or is the company for the customers?’

When I was a young businessman, a consultant asked me these three questions and added, ‘Depending on the attitude you consciously adopt you see the world differently, and that’s how you’ll respond to questions.’

Every manager has a certain attitude, which they act according to. The only question is whether they are conscious of doing this or not. Currently, too many managers are still unclear about the attitude they take towards their employees, their customers and their company. If you open the business section of a newspaper, you mostly get the impression that the people are there for the company.

But if we ask ourselves why we do what we do and what it’s all for, we will realise that the goal of it all is people. Without

people there would be no economy. People, then, cannot be the means – people are the purpose of everything we do.

Who is meant to be for whom? – The company is meant to be for the people! A company is an arena for all those involved in it to help them to realise who they are and create their own biographies.

I warmly recommend this book to all managers. Reading this book allows you to become conscious of your own attitude and the way you treat your employees. This is more crucial today than ever. A manager cannot be successful for the long-term if he or she misses the mark in answering the question ‘Who is meant to be for whom?’

The most important job of those bearing executive responsibility is to mould the company in such a way that it attracts innovation – that means creating conditions that bring forth new initiatives. All those involved must have room to develop and contribute their own ideas.

The more the people at a company realise what needs doing themselves and take initiative on their own, the more entrepreneurial it will be. If you want to adopt this realisation for yourself, reading this book will be an important step on the path.

June 2013

Prof. Götz W. Werner

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Preface

Economics has been the subject of criticism for some time, although this criticism is primarily directed at economics theory. Walter Otto Ötsch (*Mythos Markt* [The Myth of the Market]), Thomas Piketty (*Capital in the Twenty-First Century*), Peter and Andrew Schiff (*How an Economy Grows and Why It Crashes*), Joseph Stiglitz (*People, Power, and Profits: Progressive Capitalism for an Age of Discontent*) and others trace back global and national economic problems to an inadequate theoretical structure. Regarding the 2008 financial crisis, David Orrell even concludes: ‘I criticise the mathematical models that the economists use, not because they didn’t predict the crisis... I criticise them for having made the crisis possible in the first place. They created a false sense of security, like putting on a seat belt that isn’t anchored to anything.’¹

This book is not primarily about calling into question the foundations of economic theory and the theory of business, which is closely related to it. Rather, it aims to draw attention to the hazardous yet mostly unheeded side effects of the theory of business. The extremely questionable conceptions of value which the theory of business is implicitly founded on are the starting point of these considerations.

In my opinion, alongside the proper amount of theory, business studies also conveys values which must have a considerable

influence on current and future managers, even if (or maybe because) this occurs subliminally. Conveying these dubious yet rarely questioned values encourages the conditions within the economy that the public quite rightly lament. The results are exploited resources, greedy executives, avaricious consumers, demotivated workers, burnout and even death!

The questionable values of business studies contribute to reducing the people within a company to a factor of production to be controlled just like the machines. From this derives the widespread paradigm of the manager who has to have everything under control and keep it that way. This book contrasts this approach of ruling with a model of management that puts the focus on the initiative of the employees. In this sense, leading means creating a framework in which employees have the desire to be successful by themselves and will do whatever it takes to remain successful. This 'Guide to fair management' serves as a basis for this, which I present to you as an alternative framework for management.

Why should you read this book?

- 1 This book discusses serious weak points in the traditional teaching of business studies. In particular, its implicit basic assumptions are systematically exposed and taken as an opportunity to counter the subliminal brutalisation of business and society.
- 2 This book is conceived as a structured guide for current and future managers. In this book you will find a theoretical structure that you can use to develop your own ethically based style of management.

- 3 The advice and case studies in the book show you how to strengthen your managing on an ethical basis.
- 4 The book will help you to reclassify common management concepts such as quality management, knowledge management and agility according to an ethical basis.

Drensteinfurt, October 2020

Heinz Siebenbrock

1 Dedicated employees?

‘A book must be the axe
for the frozen sea within us.’

Franz Kafka²

For more than 20 years now, the legendary Gallup report has been indicating that almost 90 % of all employees worldwide (in Germany, more than 80 %) display an alarmingly low level of dedication to their jobs. Dissatisfaction with supervisors is cited as *the* main cause.³ This finding has been confirmed time and again, such as in the noteworthy study by Diana Krause and Juliane Simon of the University of Klagenfurt.⁴ kununu.com, a portal which allows employees to rate their workplace, also found in a large-scale study of 300,000 employees: ‘In general, behaviour of supervisors is one of the factors that employees rate the lowest.’⁵

The vicious cycle is easy to describe: suppressing employees leads them to have a low level of dedication to their job; this low level of dedication then leads to more suppression from managers. Why is it that only a few managers manage to break out of this vicious cycle? Apparently economic success (still) justifies this fundamentally inhumane system.

A vicious circle

2 Dedicated employees?

But it's beginning to crumble: the corona crisis has shown that the rapidly expanding model of working from home only works once this vicious circle has been broken. When the workplace is moved from the office to the home, managers have to *trust* their employees, whether they like it or not. In this scenario, traditional supervising has had its day! Especially younger employees, the 'digital natives', are increasingly demanding more contemporary management. Youth-based movements such as Fridays for Future are a breeding ground for further demands: companies and managers are increasingly expected to ensure that their actions are in harmony with the environment and meet the requirement of *sustainability*. Moreover, for young people, money and status are not the focus as they typically were for previous generations. Rather, 'It's companies with *meaning* and *appreciation* that score points with Generation Z' says 25-year-old management consultant Philipp Riederle, who helps companies better understand employees from generations Y and Z.⁶

In fact, the prevailing doctrine of business administration, which most managers take as a guideline, implicitly calls for suppressing employees, exploitation and ripping off customers, and even for practising avarice and greed! It is time to expose the negative values that traditionally underlie this subject.⁷

Against this background, it is not surprising that a large proportion of employees in Germany 'work to rule', as the Internet portal *personalwirtschaft.de* puts it: 'Currently, only 15 percent of employees in Germany have any emotional bond to their employer... 16 percent, that is, almost six million employees have no emotional ties to their company at all and have already resigned in their heads'⁸.

The majority of those involved in researching or teaching business administration wrongly claim that the subject is not based on any system of values; it is supposedly a value-free discipline. Without wishing to adopt Alfred Nobel's fundamental critique of the scientific nature of this subject, its supposed freedom from values can at least be questioned. The politically influential Czech economist Tomáš Sedláček comments in this regard, 'It is paradoxical that a subject that is predominantly concerned with values wants to be free from values.'⁹

The implicit demands of business administration for profit maximisation, focusing on competition and growth are anything but free of value! As will be shown below, it is precisely these guiding principles that have an extremely unfavourable effect on the relationship between managers and employees.

Instead of holding a serious discussion about values, the advocates of business management theory continue to sing the praises of profit maximisation, focusing on competition and growth. This has practical consequences since many companies follow these erroneous guiding principles and thus end up relying on confrontation, conflict and suppressing employees.

The traditional picture is one of suppressing employees.

Fortunately, there is hope in the form of a counter-movement, which is also beginning to be taken seriously in economics circles too: I am referring to New Work. The term comes from the Austro-American social philosopher Frithjof Bergmann.¹⁰ It refers to a world of work in which people can realise and develop their potential. 'The core values of the concept of New Work are autonomy, freedom and participation in the community.'¹¹ New Work consists of five building blocks:

4 Dedicated employees?

- 1 Employees are involved in company development (strategy).
- 2 Employees set their own performance and learning targets; this includes setting their own working hours in both the operational and creative phases.
- 3 Changing work locations, working hours and assignments (flexibility).
- 4 Making use of modern office concepts with creative workspaces and retreat rooms.
- 5 The aim is to create a low-hierarchy, democratic management culture with rapid decision-making processes.¹²

The management model presented in this book also aims at creating a working environment in which employees can realise themselves and develop their potential. While New Work describes the visible, technical and organisational side of this new working environment, the fair management model helps current and future managers make a decisive contribution to good, successful relationships. If this results in your company having an appearance that feels like New Work, then you have certainly done a lot of things correctly. But it is also conceivable that the outwardly visible results of working on your personal leadership may take on a completely different form. In his book *Reinventing Organizations*, Frederic Laloux has developed a model for the development stages of organisations. He calls the highest level of development an ‘integral, evolutionary organisation’. In his empirical study, Laloux found 12 companies that may not have fully reached this stage but are or were on the way to doing so. We can surmise from these examples that New Work is only one of several possible forms that this highest evolutionary stage (from today’s point of view) can take. According to Laloux, integral, evolutionary organisations are characterised by self-management, wholeness and evolutionary purpose.¹³

1.1 Management: a question of attitude

So much has already been written and said about successful management in books and at events that the reader rightly expects a justification for this book. Leadership has long been a subject of study in economics, sociology, psychology, anthropology and philosophy, without ever being exhausted. Each year, a wide range of disciplines bring forth fresh insights and new literature. What is the purpose of yet another contribution?

This book does not address a professional audience or specialists. Rather, this is a popular science book that aims to use simple language and does not require any prior knowledge. But I also do not promise the reader any recipes that lead to certain success.

This book should inspire you to reflect. It calls you to do your own work and reconsider yourself, to change and develop your management style, and it shows the aspects that must be considered in doing so.

The reason for
this book

I fundamentally believe that management is a question of personal attitude. You need to reflect on yourself and establish your own positions so that you can develop an individual, effective management style.

What matters to me most is to support and encourage current and future managers in their positive basic attitude towards their employees. If they build on this, they will be able to lead their employees in a way that is situation-appropriate, successful and enjoyable.

As has been shown, management in practice looks bleak. Only one in ten managers is approved as demonstrating 'good leadership' in the sense of ethically unobjectionable, humane

Good or bad?
In between!

6 Dedicated employees?

management. On the other hand, if we follow the notion of the ‘continuum of leadership’¹⁴, we come to the conclusion that only one in ten managers really deserves to be called unethical or even malicious. Between these two poles, we find a variety of positions, which, however, as the Gallup report confirms, seem to tend towards the inhumane pole. When asked about inhumane practices, managers such as these from the ‘middle of the field’ like to make out that they are natural and necessary. Examples include the commonly heard excuses:

- You can’t make an omelette without breaking eggs.
- A little pressure never hurt anyone, *or*:
- It takes pressure to make diamonds.
- You can’t always be considerate.
- It’s a dog-eat-dog world.
- Nice guys finish last.
- The others are no better.
- The end justifies the means.

I realise this book will hardly reach the true believers in ‘bad’ management. Worse still, we are always going to have to live with a bad element in management. Nonetheless, it should still be possible for proper recruiting that includes ‘ethical qualifications’ to make an important contribution to fair management.

Who do managers
identify with?

The main question that remains to be asked, however, is why managers in the middle of the field, who would not describe themselves as either good or bad, tend to identify more strongly with those who are examples of inhumane leadership. Revealing the questionable implicit values of business administration gives a key answer to this. In this regard I hope that a significant majority of managers in the middle of the field will follow the good examples which certainly exist and, with the help of this

guide to fair management, will develop a management style that is based on a humane attitude and that meets ethical standards.

1.2 Structure of the book

This book invites the reader to recognise and rethink the implicit values of business administration. I would like to set this orientation against a vision based on a people-orientated framework of values. At the centre are the concepts of *appreciation*, *sustainability*, *fulfilment* and *trust*. Not every reader will want to adopt this exact set of values; rather, it acts as a suggestion to develop one's own positive, and above all, humane attitude towards doing business and the people involved in it (employees, customers, suppliers).

A management model based on decency

On the basis of this framework of values, a management model is then drawn up that can be used to successfully implement what Hans Küng calls 'doing business with a sense of decency'¹⁵. In this management model, generally applicable guidelines, tasks and instruments of management are presented and discussed based on Fredmund Malik's book *Managing, Performing, Living* against the background of the alternative framework of values.

A framework of values

The guidelines that will be presented are, like guardrails, designed to keep us within the boundaries of our own humane attitude. Over and over again, we find ourselves in situations in which our inner laziness counsels us to act contrary to humane leadership. The management guidelines make an important contribution to not falling back into conventional attitudes that rely on suppression.

Management tasks describe the actual responsibility of a manager. It is not a matter of taking on as many tasks as possible, but rather of recognising the small number of tasks

8 Dedicated employees?

that a manager should perform at a minimum. Finally, a detailed description of suitable management instruments shows how the management tasks can be implemented in terms of humane management in practice.

The presentation of the management model is followed by a chapter on the ‘cornerstones’ of good management: the ‘rules of decency’ given there not only round off the picture of fair management, but also provide information on how fair management can be measured.

Against the mainstream?

One objection stands out right from the beginning. If most managers today (most likely subconsciously) follow an inhumane, dubious guiding principle, is it particularly wise or likely to yield any success to swim against the mainstream by choosing an alternative approach and to practise business and management with a sense of decency? This question, which comes up repeatedly in conversation, will be addressed in the last two chapters.

Common management concepts and humane leadership

The classifying of well-known management concepts clearly demonstrates that models addressing important components of humane management already exist in practice. These include, for example, the concepts of ‘knowledge management’, ‘change management’ as well as the pursuit of ‘agility’ and a ‘positive error management culture’. On the other hand, it should also be pointed out that well-known and widely practised concepts such as ‘lean management’ and ‘quality management’ are more likely to hamper humane management.

In conclusion, case studies will be used to show how this alternative approach is at least equal, if not superior to the conventional management practice based on suppressing

employees, even when it comes to economic success. In any case, this approach makes the lives of all involved more enjoyable.

2 Questionable values in business studies

What values characterise business studies? The view originating with Max Weber¹⁶ that the economy and the science of economics are value-free has had such a patent effect that such fundamental questions are rarely asked. Günter Wöhe, in his widely used foundational work, *Einführung in die allgemeine Betriebswirtschaftslehre* [General Introduction to Business Studies], nevertheless points out that in business studies, where values and problems of evaluation play an important role, critical consideration is particularly needed¹⁷. However, he undertakes no more than a brief comparison of the experts in the field who advocate ‘value-freedom’ and those who have an ‘evaluating conscience’, and does not go into any more detail on the content of the values and guidelines that underpin business studies.

Ever since business studies moved away from viewing reality descriptively and into normative territory by turning to system theory and to developing decision theory, we have no longer been able to refer to it as a value-free scientific discipline. Today, uncovering the implicit values of business studies and discussing their effects seems even more important than ever. In the following we will analyse conceptions of value, conceptions which are considered a natural part of the teaching of business

studies and of everyday business – or even to define them, but which are seldom reflected on, let alone questioned.

The practice
of business

Thus on closer inspection, the ‘natural’ principles of business studies – frugality, profit maximisation, growth and competition – seem to be constructs which have had a long-lasting impact on practice, even though they have a questionable and destructive influence on managers and their employees.

2.1 Frugality

‘Frugality is the favourite rule
of all those who are half alive.’

Henry Ford¹⁸ (1863–1947),
American entrepreneur

Like its sister discipline economics, business studies also assumes that goods are scarce and therefore require ‘economical’, i. e., frugal, handling. At first glance this basic assumption seems to make sense: there is nothing objectionable about the ethical sounding requirement of wanting to avoid waste, since frugality leaves room for alternative kinds of use. But this ethical demand is actually only fulfilled when these kinds of use are actually realised or at least intended. Frugality for frugality’s sake can be interpreted as stinginess or avarice and is anything but a virtue. In the Middle Ages avarice was rightly considered one of the mortal sins.

While the classical doctrine of business studies still counts on frugality, such as ever more sophisticated methods of cost control or the Japanese concept of *muda*¹⁹ that targets waste, Wolf Lotter makes a convincing counter-argument in his book *Verschwendung – Wirtschaft braucht Überfluss* [Waste – The

Economy needs Excess], one that seems plausible and at the same time makes us stop and think. 'Waste is good – it's productive; it's inventive and it's natural. Evolution has been acting wastefully for billions of years. We are the product of that natural diversity. Markets have always functioned on the basis of wasteful supply and diverse demand.'²⁰

Excessive frugality ultimately gets in the way of an extremely successful virtue: generosity. Generosity is letting others have something without any obligation or constraint, including giving them space to create alternative kinds of use with it. Of course, generous souls should also be warned not to go overboard and not live beyond their means.

Thus, as a basic value in business studies, frugality needs to be complemented by at least two things. Firstly, it cannot be taken to an extreme; the best person is by no means the most frugal one. Secondly, in order to meet ethical demands, it needs something that corresponds to it or that is related to it. Despite the apparent contradiction, generosity seems to be quite a fitting counterpart to frugality where, for example, this relationship can be established in helping the needy or the environment. This thought can easily be transferred to everyday business: treating resources frugally creates other kinds of use, such as more generous considerations of the company's future by expanding research and development activities or by granting staff more leisure time, or by recompensing suppliers, employees and/or owners more generously. In short, when a company aspires for frugality, the question 'What for?' needs to be answered in a way that is reasonable and appropriate for all involved.

Besides frugality three other constructs stand out that greatly characterise business studies in a questionable and destructive way: profit maximisation, focusing on competition and growth.

Treating resources frugally creates other kinds of use.

These are categories that have become taken for granted and are hardly questioned either in academia or in practice.

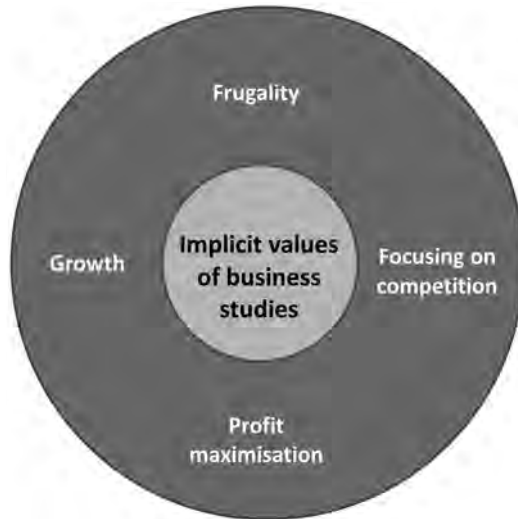


Fig. 1: The implicit values of business

At first glance, these constructs, too, appear perfectly reasonable. Companies have to turn a profit in order to survive. Heeding this goal is necessary in order to offer products and/or services. Keeping an eye on actual and even potential competitors at the same time requires not over-estimating, staying innovative and constantly developing. Against this backdrop, growth can almost be interpreted as a result of profit and focusing on competition.

Nevertheless, these three constructs conceal considerable risks. Unnoticed by many, they become part of their identity through upbringing and education. These values are already subliminally implanted in children at a young age through piggy banks and World Savings Days; school increasingly appears to be a place where profits are to be made in competition with other

students in the form of good marks, whilst the goal of ‘learning for life’ is now only dismissed with a wry smile; by the end of induction week at the latest business students realise that profit maximisation is the greatest goal on earth.

The constructs of profit maximisation, focusing on competition and growth also have considerable negative aspects by hampering working together while at the same time encouraging working against one another. These values subtly contribute to an inhumane way of acting for the very reason that they are adopted without thinking. Furthermore, we can also presume that in this respect these constructs even provide a basis of justification for improper conduct by managers.

The effects of these constructs

2.2 Profit maximisation

‘Making a profit is as important as the air we breathe. It would be sad if we were only here to breathe air. It would be just as bad if we only ran companies to make a profit.’²¹

Hermann Josef Abs (1901–1994),
Chairman of the board of Deutsche Bank

In the 1970s, lecturers at St. Gallen were already drawing attention to the fact that the call for profit maximisation needed to be defined more specifically. It had been observed that some managers had been making large short-term profits at the expense of the future. Maximising short-term profits at the future’s expense puts that company at risk. Typical measures include lengthening maintenance periods, reducing the budget for research and development, and scrapping training programmes. In order to combat this, the lecturers recommended

that profit targets be given a long-term and thus a sustainable perspective. Even if this view is certainly correct, it still needs more thorough consideration.

What students
are taught

Business students have only one answer to the question about what a company's main goal is: profit maximisation. Whether it be students in their first term or those taking their final exams, research assistants or PhD. students, whether early in the morning, in the afternoon, or when they are jolted slightly inebriated out of their deepest sleep at night, these budding managers and economists only have one answer: profit maximisation. From the very outset, the goal, or task, of 'profit maximisation' burns itself into business students' brains in such a way that it becomes part of them and goes unquestioned. And so profit maximisation becomes an implicit guideline that characterises almost the entire world of management.

This chief goal of profit maximisation, which plants itself in their heads and moulds their psyche for the long term, is graphically explained in the very first semester using a model: profit is the difference between revenue and costs, and the goal is to find the point where revenue and costs are as far apart as possible. This point of maximum profit can be determined as a measurement in a system of coordinates.

The assumption with revenue is that initially it will increase rapidly as quantity output increases, and then flatten out to reach what is known as maximum revenue. From there, revenue will fall as the output quantity increases. If revenue is plotted on the y-axis and quantity on the x-axis, the curve resembles a bell. The actual background to this bell is the falling price-sales function, which assumes that more products will be sold when the price is reduced. Multiplying the prices given by the relevant quantities necessarily produces the revenue bell curve mentioned.