

Advances in Strategic Human Resource Management

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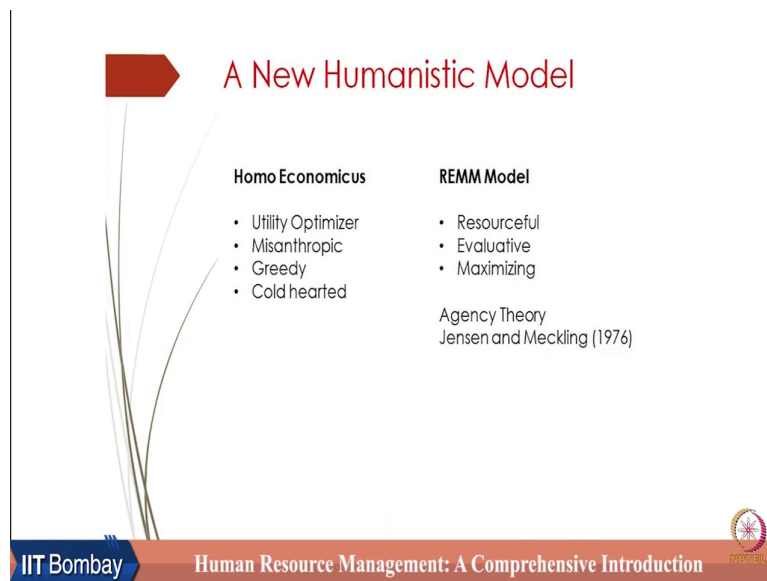
Indian Institute of Technology, Bombay

Positive Organization Scholarship and HRM

Lecture - 04 C

Humanistic Management Model

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The slide titled "A New Humanistic Model" compares the Homo Economicus model with the REMM Model. The Homo Economicus model is characterized by being a Utility Optimizer, Misanthropic, Greedy, and Cold hearted. The REMM Model is characterized by being Resourceful, Evaluative, and Maximizing. The REMM Model is also associated with Agency Theory by Jensen and Meckling (1976). The slide features a red arrow pointing to the title and a decorative graphic of thin vertical lines on the left. The footer includes the IIT Bombay logo and the text "Human Resource Management: A Comprehensive Introduction".

Homo Economicus	REMM Model
<ul style="list-style-type: none">• Utility Optimizer• Misanthropic• Greedy• Cold hearted	<ul style="list-style-type: none">• Resourceful• Evaluative• Maximizing

Agency Theory
Jensen and Meckling (1976)

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Another aspect through which we can better understand the positive employer-employee relationship or positive organization behavior or positive organizational practices from the humanistic management point of view.

Before understanding humanistic management point of view, we need to understand that most of the management is focused on either the basic assumption about Homo economicus, which

is more of a utilitarian theory. And or it is based on agency theory, which is about the resourceful evaluative maximizing view of human being.

First, we will understand what is the basic assumption about human nature in the two most prominently influential models of management. Most, the first most prominently influential model of economics, which in turn became a major basic assumption about most of the management thinking is about the utility optimizer view of human being.

Utility optimizer view gives rise to the concept of Homo economicus, which says that human beings are a utility optimizer. They maximize their utility, they want to acquire more, it is more power, more resources, more security. They are cold-hearted, rational being who are seeking, maximizing or enhancing their utility; in whatever, wherever they are operating.

There was a slight modification on these assumptions given in the agency theory. Agency theory is based on more resourceful, evaluative, and maximizing view of human being. Which says that human being are not always utility optimizers, but they are maximizers of the utility.

And they are looking for resources and they are constantly evaluating their options and constantly choosing those options, which are more attractive they which are more profitable utility wise in the day-to-day interactions.

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Comparative View of Human Nature		
Human Nature	Economist 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
	Utility Maximization	Learning and practical wisdom
By Michael Pierson in Humanistic Management, Cambridge University Press		

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In comparison to these models, humanistic model is based on humanistic view of human nature. Humanistic view suggests that foundation of human behavior are not wants, they are not desires. The foundation of human nature are drives. Drives are more biological in nature and they are being acquired by human being in the process of evolution.

So, want looks at only the resource optimizer logical, rational aspect of human nature. Whereas, humanistic view, which is talking about drive, look at our hard-wiring. It is looking at evolution, it is looking at the behavior which is being acquired by human being through the process of evolution. We will be looking at what are the basic drives and how they if they are considered, they can influence the management perspective.

In the economist view, the goal is considered to be maximization of the utility or whatever they are doing, they want to maximize power, their acquisition, their benefits. Whereas,

humanistic view suggest that there are multiple goals of human life, which may look contradictory to each other.

For example, I wish to spend time in nature or with family and also have to spend more and more time at work, so that I can earn more money. So, economist view will focus on how I am maximizing the needs.

However, humanistic view will suggest that no human being can maximize their utility. They are constantly looking out to balance their different needs, needs for spending time with family, needs for personal growth, needs for a spiritual reflection and also need for economic prosperity.

So, there is no possibility of maximizing the; so, so human being do not work for maximizing the economic prosperity. They work for achieving a fine balance between enhancing economic prosperity and also spending time with the family and spending time in nature, reflection, pursuing their hobbies, etcetera. So, nature may be the operating modes being used by economist or humanist will be different.

So, economist view looks at fixed utility curves, opportunity sets. Whereas, humanistic view look at human behavior from the perspective of how they change routine, how they keep learning new things and how they apply practical wisdom to achieve balance across, different human pursuits.

Focal point for economist are individual. They do not consider that individuals do not operate in isolation, they are always in, they operate, they are always in connection with others that other can be family, community or larger society. So, humanistic view looks at relational aspect of human being.

In the pursuit of maximization of the utility, role of dignity is not considered in the economist view. Whereas, humanistic view considers role of dignity to be very important in making any decision or making any policy.

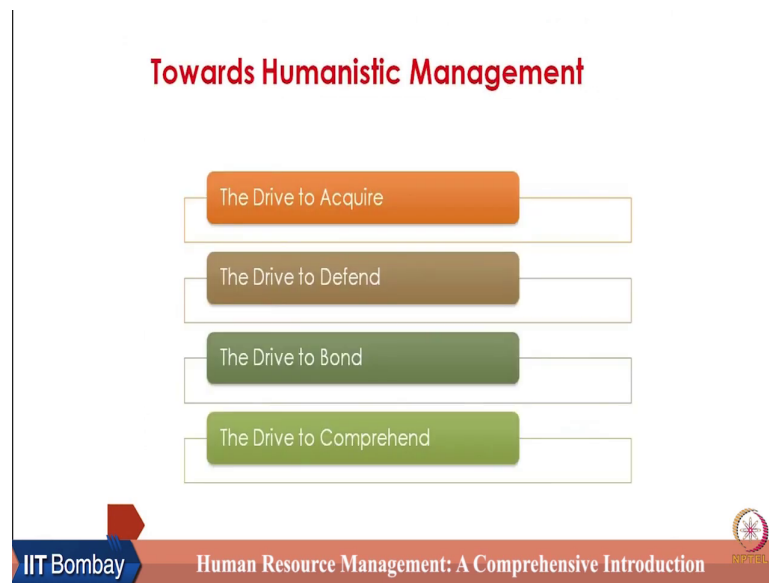
Role of morality in the economist are in the economist view is not fully understood. It is mainly related to 4th level of the Kohlberg schema of moral reasoning which talks about maintaining legality and following the norms of the community or in the case of nation state following the norm as set by the law of the land.

Whereas, moral reasoning can be much beyond just following law, it can be about following the fundamental values of tooth, beauty and goodness. And considering our personal life as part of the universal life and having the universal perspective which is at the level 6 of the Kohlberg's moral reasoning schema.

Humanistic view considers the ultimate highest level of moral reasoning as well. Whereas, economist view generally limit the their moral perspective and their moral assumptions limited to the pre-conventional and conventional which is about avoiding harm, seeking, benefit, following rules or following norms of your community. Aspiration for economist view are about creating wealth, acquiring status or power and building the reputation. Whereas, aspiration for humanistic view is achieving well-being.

So, in this process, economist focus economist view focuses on utility maximization and humanistic view focusing on learning and practical wisdom as the basic mechanism based on which people make their decisions or choices. These are the two different things based on which individuals are understood, based on which policies of HR can be designed.

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So, now we will have more discussion on the humanistic management. Humanistic management as I just mentioned looks at the 4 basic drives. It does not focus on the wants, want to expand the utility. It looks at drive which is more biological in nature.

So, human beings have drive to acquire, they want to hold things, they want to have things in their control particularly food etcetera. Human beings have drive to defend, they want to have their territory, where they want to exercise their authority or have more control on their lives.

Along with these two drives which are very well captured in the economist view as well and there are two other drives human beings have. Those are drive to bond because of the drive to bond, family living started, community was built, and drive to comprehend.

Human beings wish to look at their position in the larger scheme of things, they wish to look at how they are contributing to the larger scheme of things maybe at the currently we at we understand this, this to be how they are contributing to the organization, to their nation etcetera. So, they want to; so, the meaning and purpose actually derives from, meaning and purpose is derived from the drive to comprehend.

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**A Note on
Basic
Assumptions of
Humanistic
Management**

- The drives developed independently.
- 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.

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So, we know that drive to bond and drive to comprehend are also result of human evolution. We can easily understand that in order to survive, human beings had to have drive to defend and drive to hold because if they do not protect their body, if they would not protect their food, they could not survive.

So, naturally they had drive to acquire what is needed to live and to have drive to defend the territory within which they can feel safe. So, drive to bond and drive to comprehend,

humanistic thinkers point out are also fundamental and developed independently. They are not the outcome of other two drives. How they are developed?

Lawrence and Noria are being quoted extensively in the book in this particularly in this chapter of the Humanistic Management, the book by Michael Pearson on the same name with the same title. They say that drive to bond emerged when human ancestors transitioned from Homo habilis to Homo erectus. When human being started to walk on the two feet, this is the state where the role of family in the human life got strengthened.

That was also a time when human being learnt the controlled use of fire. With the controlled use of fire, they could start cooking the food because of this their ability to cook the food or to heat it up. They could preserve the food for the longer time.

If they could preserve the food for the longer time, naturally the need to save the food and safety was important. And that give rise to the family structure because in the family female would look after the small kids and also protect the food. So, family became the first institution in the human life, wherein they started experiencing the collective form of living.

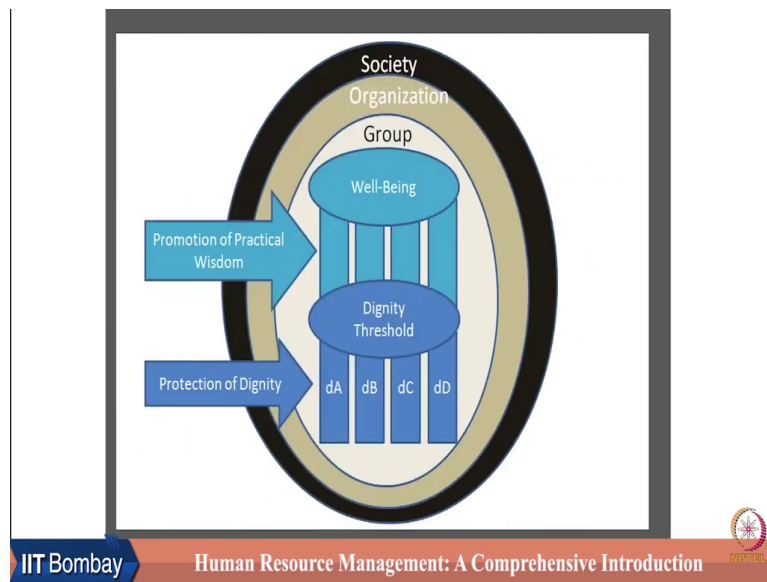
Drive to comprehend emerged during the shift from Homo erectus to Homo sapiens because when they realize that there is no point in keep fighting with each other. If large number of people can work together, they can and if they can form the norms, they can not only protect themselves, but they can do much more than what they can do individually.

For example, they can hunt the bigger animals, they could build their build their shelters, they can prevent themselves from the invasions of the other animals etcetera. So, because of all these situations, they develop the sense of norm and their role in the larger group and eventually in the larger scheme of things.

So, drive to bond and drive to comprehend developed independently and has its own distinct prevalence in the human nature. Good time, it got hardwired in the neural network and the genetic structure. There are large number of studies which suggest that kids who are not

socialized also demonstrate the habits, demonstrate these, demonstrate the behavior related to bonding and related to caring for the others.

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So, we need to take into account all 4 drives. Humanistic management suggests that we cannot maximize on one drive because all drives are equally important. It is very similar to Indian notion of Chaturvarg or 4 Purusharthas. Indian perspective and which is being mentioned in Mahabharath and other in many at many places in the Upanishads as well that human life has 4 objectives, Arth, Dharm, Kaam and Moksh.

Arth is the financial aspect or economic aspect or material aspect. Kaam is the aspect of consumption. Dharm is the aspect of righteousness. And Moksh is the spiritual aspect. All 4 aspects are important as pursuits of human life.

It is very similar to what is being reflected in the humanistic management which says that the pursuit about maximizing utility, building relationship, seeing their purpose, their self-esteem and seeing their role in the larger scheme of things. All these things are nested in the different drives and no one drive can be maximized. We have to balance these drives.

And every human being has to have some basic need to fulfil all the drives which is beyond need satisfaction and that is called dignity. Meaning, according to the a drive of acquisition person must have food to eat, shelter to live, have some social support, some structure and opportunity to contribute to the socialist structure to which it is part of.

So, that is in the humanistic management is considered to be the dignity threshold. This dignity threshold has to be maintained in a group in organization and also in the larger society. This dignity threshold being available human being strive for excellence, strive for growth. For that growth they are not supposed to maximize any of these.

Generally, they have to balance all 4 of these. Particularly, in the organization that is the case. For that it is not the maximization which works. For that they need to apply the practical wisdom and with that practical wisdom they can achieve higher and higher level of well-being.

Humanistic management says that if we derives the HR policies and the organizational policies according to the according to the these, according to these basic assumptions about human nature and how they lead their life, we can have positive organization behavior. We can have positive relations between employer and employee. And also very positive relation between business organization and the larger society.