The theory of humanistic management

China University of Geosciences (Beijing)
Han Yifan, Wei Ronghua, Shi Wei

Abstract: Humanistic management is a brand new administration theory and method which rose up and began to prosper in 1980s. The theoretic research of humanistic management is the foundation of its practicing and taking effect. With the purpose of giving reference to the development of enterprises and economy, this thesis gives a brief introduction of the definition and theoretic basis of humanistic management.

Key words: Humanistic management, of the people, by the people, for the people, human capital

Introduction

Humanistic management is a brand new administration theory and method which rose up and began to prosper in 1980s. In the theoretic research and practicing progress, “humanistic management” has been generally talked about. Affection management, employees’ participation, self-administration, culture administration, education and training of the staff, such humanistic management methods have been generally adopted in many enterprises as well. The theoretic research of humanistic management is the foundation of its practicing and taking effect.

1. The definition of humanistic management

Human is taken as the most important resource of enterprises in humanistic management. The theory advocates enterprises should emphasize on stimulating employees motivation, activity and creativity to carry out administrating activities. The core issue is to understand, to respect and to provoke people’s enthusiasm, in order to reach the aim that the staff and the enterprise should develop together. Humanism must be through those basic issues, what the enterprise is, what an enterprise depends, and what an enterprise is for. That is “of the people”, “by the people” and “for the people”. So humanistic management is also called “3P management”.

1.1 Of the people

An enterprise is a aggregation organized by people. If there is no human, there is no enterprise. If an enterprise wants to make profit, first it has to effectively organize and manage the staff, and then through them to distribute and use materials. If there is no effective and talented staff, it won’t make any profit even with good equipment and sufficient capital, what is worse, those can even be the heavy load to the enterprise. “Of the people” means an enterprise must establish a highly dependable culture, fully trust people’s ability, put people to the center place, pay attention to explore and develop people’s potential at any time.

The ex-CEO of Sony has ever said, if there is the secret of Japanese operation, “human” must be the fundamental starting point. The so-called “God of management”, CEO from Panasonic once said, the slogan of Panasonic is “of the people”, and often declared that “first forge Panasonic people, then make Panasonic products.”

1.2 By the people

The way to achieve organization goal of humanistic management is fully depend and make use of human resources, realize persons with ability, protect them, stimulate their activity and creativity. Humanistic management attaches great importance to affection management. It exerts behavioral science to contribute to improve human relationship, and promote employees attachment to the enterprise. Humanistic management stresses the participation of all the staff, makes them both the object and the principal part of management. That encourages employees to offer suggestions to the enterprise in all ways to enhance the decision-making level of the enterprise, and strengthen employees will and efficiency of performing decisions. Humanistic management calls on the employees to administrate by
The managers authorize the employees to enjoy their own rights, information and knowledge so as to fulfill their assignments efficiently under the control of their own and achieve self-fulfillment. Humanistic management focuses on culture management. That is to create a fine corporate culture environment, to forge a common behavior model for the staff, cultivate a kind of positive corporate spirit, and try to unify the employees’ personal goals and the enterprise’s goal.

### 1.3 For the people

The symbol of successful humanistic management is the achievement of aims of both the enterprise and the staff. A traditionally defined enterprise is an economic organization. The rights of control and surplus demand belong to shareholders. The managing class substitute shareholders to exert administrative rights. The criterion of successful management directly shows the corporate profit in a short period or long time stock market price. In fact, it is the benefit of enterprise capital owners that is reflected. In an enterprise in which humanistic management is performed, the employees become the served objects by the managing performance. The criterion of successful management is not only up to whether the benefits of capital owners come true, but also to whether the personal goals of employees are achieved.

An enterprise with humanistic management will pay great importance to promote employees work and living qualities. They offer studying chances during working progress for the staff to make them make progress continuously. The focus of cultivation is not only to make them grasp some skills but also stress their self development and improvement. The enterprise helps the staff carry out profession life design to gain the harmonious unification of the development of both the enterprise itself and its employees. Many enterprises have established profit sharing system and various shareholdings stimulation, including employees holding shares plan, stocks holding and so on. That turns the “human based” management to a real payment stimulation.

As the environment issue is being attached great attention day by day, some enterprises begin to expand the “for the people” humanistic management idea from “interior human” to “exterior human”. They care about the public welfare of communities, protect resources and environment, combine the enterprises’ own economic aims and community development programming as well as the nation’s developing goal. According to the “green management” what is popular now, some measures taken by some overseas enterprises, such as to decrease environment pollution during producing progress, utilize recycled materials to pack up, produce natural foods and so on, those all reflect the humanistic management idea in a broad sense.

### 2. The theoretic basis

The rising up of humanistic management theory and methods is based on people’s increased recognition towards the labor force in enterprises. We can say the establishment and development of human capital theory is the solid theoretic basis of humanistic management. In traditional theory, the three production essentials, capital, work force and the ground could replace one another. Because capital was more scarce and precious compared with work force, the enterprise decision makers regarded the optimization of capital as the most prior problem. People in an enterprise were only taken as replaceable parts. When the enterprise was trapped in troubles, to lay off workers became a natural choice. Human capital theory broke through the limit that capital was only material capital in traditional theory. It divided the capital into human capital and material capital. Compared with investment in material capital, investment in human capital can also get payback since it can obviously promote production efficiency and management level, and sometimes get an even higher return.

The putting forward of human capital concept and development of human capital theory has attracted people’s great attention towards the human factor in enterprises. It has provided a theoretic basis for the bringing forward and development of humanistic management theory and methods. As time goes by, more and more people accepted human capital theory. Especially as the rising up and developing of knowledge economy, enterprises have gradually come out from the capital times. Enormous-scaled capital accumulation and fast developing scientific skills have made the traditional defined capital not that scarce, easy to circulate and replace. In a clear comparison, the functions of knowledge style talents
in enterprises are increasing day by day. Human capital begins to replace material capital to become a more important rare resource towards the development of enterprises. Therefore, in 1980s, 20 years after human capital concept was put forward, humanistic management shaped as a brand new management theory and method as result, and generally focused and accepted by many enterprises.

References:

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