

### ***Preliminary Remark***

*When I informed Derek Bell from the Drucker Institute that I unfortunately won't be able to attend the Global Drucker Symposium in June, I offered to contribute in another way. Derek and I agreed that I'll write an essay on the essence of Peter Drucker's work as I see it. What messages does Peter address to the individual, who is a member of one of society's leadership group.*

## **How to avoid another wasted century ?**

"No professional be he a doctor, lawyer or manager can promise that he will do good for his client. All he can do is try. But he can promise not knowingly to do harm." (1)

"The manager who fails to think through and work for the appropriate solution to an impact of his business does harm. He knowingly abets a cancerous growth". (2)

### **I. The ethics of public responsibility**

Facing the social challenges we have to cope with in the years ahead I want to take the opportunity to focus this essay on Peter Drucker's view of the manager's role as member of one of society's leadership group and on the aspects of the manager's function – which is a social function – dealing with his outside social environment more than on the aspects which deal with the inside of his organization – knowing, however that this separation is theoretical. In reality all aspects of the manager's function are interdependent.

What are the duties of a manager with respect to the demands of professional ethics, to the demands of the ethics of public

responsibility under which the manager as member of one of society's leadership group is standing ?

How do we have to define the ethics of public responsibility ? To avoid misunderstanding: Peter's comprehension on ethics has nothing to do with business ethics, which still is the "in"subject of all kind of seminars, speeches, articles, and books since many years. One of the many ludicrous examples was given by the CEO of a big German corporation when he announced "A new honesty" as core of the code of conduct for the management of his enterprise a couple of years ago. "Business ethics is to ethics what soft porn is to the platonic Eros, soft porn too talks to something it called "love". (3)

For Peter Drucker the basic rule of the ethics of public responsibility is *Primum non nocere* – Above all, not knowingly to do harm, which as the first responsibility of a professional was spelled out twentyfive hundred years ago, in the Hippocratic oath of the Greek physician.

"*Primum non nocere* seem tame compared with the rousing calls for *statesmanship* that abound in today's manifestos on social responsibility. But, as the physicians found out long ago, it is not an easy rule to live up to. It's very modesty and self constraint make it the right rule for the ethics that managers need, the ethics of responsibility." (4)

## II. Society, community and the individual

While characterizing the main theme of his work, Peter Drucker repeated to stress that it was not Management, "Management was neither my first nor has it been my foremost concern. I only became interested in it because of my work on community and society". (5)

This interest in society and permanently asking the question how to balance continuity and conservation on one hand with change and innovation on the other hand as well as questioning *what can integrate individual community and society to create a functioning society* spans Peter's work beginning with his first publication on Friedrich Julius Stahl's *Conservative Theory of the State* in 1933. (6)

Who had an impact on Peter's beliefs and concept of thoughts. There were quite a few who did so and all of them had something in common. First of all it was Stahl (1802 – 1861), who was Hegel's successor as professor of philosophy at the University of Berlin. Then another German Wilhelm von Humboldt (1767 – 1835), the founder of the first modern University, the University of Berlin in 1809, particularly his book "Limits of the effectiveness of government". Equally was Peter influenced by the great English Philosopher and Statesman Edmund Burke, by the Founding Fathers of the United States and authors of the Federalist Papers James Madison and Alexander Hamilton and by the great French Philosopher and Sociologist Alexis de Tocqueville. Finally and most important was a Mid-Victorian Englishman, Walter Bagehot (1826 – 1877) the great political writer and famous editor of *The Economist*, whom Peter called the closest to him in temperament, concepts, and approach. All these men lived more or less like Peter in times of great change and their major concern was like Peter's how to balance continuity and change to improve society not towards paradise on earth but towards a "bearable society".

The above in mind it doesn't surprise that Peter Drucker while describing his basic beliefs, called himself a conservative, Christian Anarchist and explained why: "I have become increasingly sceptical of all promises to save the world through society. I think one of the main events of the last fifty years is that we increasingly became disenchanted with "Volksbeglückung" and increasingly have become convinced that there is no perfect society and that there is only a

tolerable society and that there can be improvement but there can be no perfection. And this is a conservative view, but also because it puts the emphasis on the individual and the individual's own belief, which is accentually a religious view that sees the end not in this world but beyond this world. Therefore I call myself a conservative Christian and an Anarchist in the sense that I'm increasingly suspicious of – government is the wrong word – of power. As a philosopher – which I do not pretend to be - I have always seen power as the central problem and the lust for power as the basic human original sin, not sex. Sex is not a sin, we share it with all animals – but the lust for power is sin and in that sense I'm an Anarchist although unlike the Anarchists I accept, in fact I stress the need for government. My favourite political philosopher, Wilhelm von Humboldt wrote a book aged 22 called "Limits of the effectiveness of governments". And this has been my main interest, and my interest in the business corporations extends out the interest in the institutions which take over autonomously social tasks and thereby limit, restrain the power of the state. Therefore I still call myself a conservative Christian anarchist in that very specific sense." (7)

Peter's basic beliefs and his interest in society and community are the fundamentals of his work, which he calls *social ecology* and therefore himself a *social ecologist*. The way the natural ecologist studies the biological environment the social ecologist is concerned with man's made environment. There are further three major attributes defining social ecology:

1. Social ecology is a discipline more than a science. It is based on perception rather than on analysis.
2. Social ecology as a discipline deals with action. Knowledge is a tool to action rather than an end in itself.
3. Social ecology is not "value free". If it is a science at all, it is a "moral science". As the physical ecologist believes in the sanctity

of natural creation the social ecologist believes in the sanctity of spiritual creation.

“Fundamental to the discipline of social ecology, as I see it, is not a belief in power. It is the belief in responsibility, in authority grounded in competence and in compassion.” (8)

I hope that the above clarified clear that the essence of Peter’s work is far away from being about “How to become an effective manager and earn a lot of money.”

### III. A Wasted Century ?!

It was a hot day in spring 1995, when Peter and I took a walk through Claremont’s beautiful Botanic Garden. Our conversation started and Peter amazed me by thoroughly explaining the roots of the lilies and his relationship to the great French-German poet and scientist Adalbert von Chamisso. After a while we switched the subject to issues as the challenges to cope with in the coming century and to the new book Peter intended to write. The title: “Incorrect reflection on a wasted Century”. Eight years later in March 2003 when I was preparing for an article on Peter’s new book “A functioning Society” and again read through Peter’s “The future of the industrial man” which he finished in 1941 and which was published in 1942. There he wrote: “The United States as a world power – perhaps as the world power – will certainly have to use her power politically; that is as power. But if the American Century means nothing except the material predominance of the United States it will be a wasted Century”. (9)

The same day I sent a fax to Peter which started quoting the above. Further I recalled our 1995 walk through Claremont’s Botanic Garden and the book Peter intended to write at that time and never

did. I ended the fax with “May I conclude that finally the 20<sup>th</sup> Century wasn’t a wasted century?” I received his answer not an hour later. He wrote:

“Dear Peter,

NO. The only conclusion is that I wasted much of my time not writing the truly important books I should have written. My non written books greatly outnumber my written ones – and some such as “The wasted Century” or “Organizing Ignorance” might have been a great deal more important than the – easier ones – I wrote instead.” –

But why was the century wasted ? Haven’t there been tremendous technological progress ? Peter gives the answer: “This century may well have been the cruelest and most violent in history, with its world and civil wars, its mass tortures, ethnic cleansings, genocides and holocausts. But all these killings, all these horrors inflicted on the human race by this century’s murderous “charismatics”, hindsight clearly shows, were just that: senseless killings, senseless horrors, sound and fury signifying nothing. Hitler, Stalin and Mao, the three evil geniuses of this century, destroyed. They created nothing. – Indeed if this century proves one thing, it is the futility of politics.” (10) – It is obvious that the 20<sup>th</sup> Century taught us two lessons the very hard way:

1. History is not determined to progress into a perfect society where everyone is living happily ever after. Neither the “invisible Hand” nor the “Megastate” as transition paving the way for Heaven on Earth can create this. “Old Adam” and “old Eve” will always be around.
2. The effectiveness of government is all but unlimited !

#### IV. The opportunities of Social Transformation

Besides being a wasted Century the 20<sup>th</sup> Century, particularly its second half became an age of significant social transformation but it was not the horrible headline-making events of the last century which caused its extreme social changes nor were the headline-making events caused by those transformations. “They have proceeded with a minimum of friction with a minimum of upheaval, and with a minimum of attention from scholars, politicians, the press and the public.” (11) Peter Drucker was the first, who perceived these extreme changes which rather than all the violence of the political surface, have transformed not only the society, but also the economy, the community, and the policy we live in. “The age of social transformations will not come to an end within the year 2000 – it will not even peaked by then”. (12) – And again it was Peter who first identified the new elements which arose and are emerging to determine the structure of our society. These are

- The knowledge worker as major group of the work force and the society of knowledges.
- Education as the center of the Society of Knowledges.
- The one purpose-organization like the Hospital, the University, the private Enterprise or the Government Agency and the Society of Organizations.
- The Management of the organization as social function which has to make knowledge productive and the Manager as member of Society’s leadership group.

These new determining elements are the major forces which turned our world not only into a world economy but also into a world society.

Changes bear risks but always also great opportunities. But these opportunities are not turned into success – in our case as we can see into improvements of our society – automatically. Therefore Peter demanded a major assignment for the Century we live in: “If the 20th Century was one of social transformation the 21<sup>st</sup> Century needs to be one of social and political innovation” (13). This means for example that we have to reform our educational institutions to be able in teaching the knowledge worker not only to make a living but also to lead a life – otherwise we will create a Society of schooled barbarian. We also have to create and develop transnational institutions who effectively cope with terrorism and environmental pollution. We further have to reinvent government, in the sense that it will focus back on its purpose. “The purpose of government is to make fundamental decisions and to make them effectively. The purpose of government is to focus the political energies of society. It is to dramatize issues. It is to present fundamental choices. The purpose of government, in other words, is to govern.” (14)

Whether the 21<sup>st</sup> Century will be a success mainly depends on the effectiveness of our institutions which means that it depends particularly on the effectiveness of the institution’s management.

One key to managerial effectiveness is credibility. The credibility of our institutions, however, is weakening. This goes especially for governmental organizations and its affiliates as well as for the business enterprise. The increasing loss of credibility of an institution always implies a loss of trust in it. Once this happens people start questioning the institutions legitimacy and with it a social problem, a severe social dysfunction occurs.

What are the reasons ? What actions have to be executed, particularly by the Manager as member of one of society’s leadership group. – Peter Drucker can give advice.

V. “Would you please accept that Managers commit themselves when they open their mouth” Peter Drucker

Our society has become a society of organizations. Therefore all institutions, including business, have to hold themselves accountable for the quality of life” and have to make fulfilment of basic social values, beliefs and purposes a major objective of their continuing normal activities rather than a “social responsibility” that restrains that lies outside of their normal main functions. For that reason Management is increasingly concerned as much with the expression of basic beliefs and values as with the accomplishment of measurable results and increasingly stands for the quality of life of a society as much for its standard of living. “Thus Management and Managers are the central resource, the generic, the distinctive, the constitutive organ of society and the very survival of society is depending on the performance, the competence, the earnestness and the values of their managers. What managers are doing is therefore a public concern.” (15)

I forgot how often Peter repeated quoting the old English proverb: “The higher the monkey goes the more his behind he shows”. Managers, the higher they are positioned in an organization are extremely visible, no matter whether the organization is a corporation, a university, or an Army. “They must expect their behaviour to be seen scrutinized, analysed, discussed, and questioned. So they have to show actions that cannot easily be understood, explained or justified. Being visible, Managers are also examples. They are leaders by their very position and visibility, particularly in Top Management.” Their only choice is their example leads others to right action or to wrong action. Their only choice is between direction and misdirection, between leadership and misleadership. These terms have ethical obligations to give the example of right behaviour and to giving the example of wrong behaviour.” (16)

This does by no means demand the perfect leader. There was and there will be nothing like that neither a society, nor an organization or and individual. No one ceases to be a human being when appointed Vice President, City Mayor or College Dean. And nobody expects his superior to be “the Good Lord” himself, but being a little bit closer to the Good Lord than he is. Some one he can trust, someone whose actions are according to what he’s saying, someone who shows credibility.

In his famous poem *Germany – a Winter Fairy Tale* the great German Poet and Philosopher Heinrich Heine (1797 – 1856) questioned the credibility of those “who drink wine underhand and preach water to the public”. This rethoric had been a common human habit long before Heine and still is. But it is the duty and responsibility of a manager in his self development to try hard not to do so otherwise he can’t be effective because his actions and his words will tend to cause social disruption. “They tend to conceal reality and create disease or at least social hypochondria. They tend to miscredit and to prevent understanding. And this is greivous social harm.” (17) Therefore it causes social disruption when the Top Manager of a Transnational Institution initiates a very important Anti-Corruption Program first and then makes a key personnel decision guided by the policy of nepotism. It causes social disruption when the CEO of a big corporation announces the layoff of several thousands and declares to renounce 10 % of his salary and it causes social disruption when the Top Manager of a Government harshly criticizes the relatively modest salaries of the Top Management of governmental-owned businesses and than indulges the friendship with celebrity-multimillionaires.

“A society of organizations is a society in which a great many people are unimportant and indeed anonymous by themselves, yet are highly visible and matter as leaders in society. And thus it is a

society that must expect its managers, executives and professionals to demand of themselves that they shun behaviour they would not respect in others and instead practice behaviour to the sort of person they would want to see in the mirror in the morning.” (18)

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(1) Peter F. Drucker, Management: Tasks, Responsibilities, Practices, German edition, Düsseldorf 1974, Vol. I, p. 559, see also Peter F. Drucker, The Essential Drucker, New York 2001 “Not knowingly to Do Harm” p. 65-68

(2) *ibid* p. 560

(3) Peter F. Drucker, The Ecological Vision, Reflections on the American Conditions, New Brunswick 1993, p. 212

(4) Peter F. Drucker, Management: Tasks, Responsibilities, Practices, German Edition, Düsseldorf 1974, Vol. I p. 569

(5) Peter F. Drucker, A Functioning Society, New Brunswick 2003 , p. VII

(6) Dr. Peter Drucker, Friedrich Julius Stahl, Konservative Staatslehre und geschichtliche Entwicklung, Tübingen, Germany 1933, reprint in English, Peter F. Drucker, Friedrich Julius Stahl: His Conservative Theory of State in Society, volume 39, No. 5, July/August 2002

(7) Kardinaltugenden effektiver Führung (Cardinal Virtues and effective Leadership) edited by Peter F. Drucker and Peter Paschek, Frankfurt, Germany 2004, p. 225 – 226

(8) Peter F. Drucker, The Ecological Vision, Reflections on the American Conditions, New Brunswick 1993, p. 457

(9) Peter F. Drucker, The future of the industrial man, New Brunswick, 1995 p. 190 (first published 1942)

(10) Peter F. Drucker, The age of transformation, in The Atlantic Monthly, November 1994, p. 54

(11) *ibid* p. 54

(12) *ibid* p. 54

(13) *ibid* p. 80

(14) Peter F. Drucker, The age of discontinuity, New Brunswick 1992, p. 233 (first published in 1969)

(15) *ibid* p. 150

(16) Peter F. Drucker, The ecological Vision, Reflections on the American Conditions, New Brunswick 1993, p. 204/205

(17) Peter F. Drucker, Management: Tasks, Responsibilities, Practices (German edition), Düsseldorf 1974, Vol. I, p. 561

(18) Peter F. Drucker, The ecological Vision, New Brunswick 1993, p. 214