



The business of business is society

1st Global Peter Drucker Forum Vienna
“Reaching out – Coming Home”

Session 1: Ethics and CSR in the Light of Peter Drucker
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Main message in a nutshell



One can learn from Peter Drucker not only „from watching him think“ (Kantrow, 1980, p.76),
but also from watching him *feel*.

„The social ecologist, believes, must believe in the sanctity of spiritual creation.“ (Drucker, 1993, p. 457)

***To understand Drucker's views on CSR and Business ethics
we need to engage with his value system***

Taking Drucker seriously by his own words



„One cannot communicate a word; the whole man always comes with it.“

(Drucker, 1993, p. 484)



Drucker is quite outspoken on right or wrong: Three examples

„There is only one ethics, one set of rules of morality, one code - that of individual behavior, in which the same rules apply to everyone alike”
(Drucker, 1981).

„Generals should never do anything that needs to be explained to a Senate Committee – there is nothing one can explain to a Senate Committee” (Drucker, 1981).

„At the same time the large corporation must offer equal opportunities for advancement. This is simply the traditional demand for justice, a consequence of the Christian concept of human dignity.“ (Drucker, 1946, p. 138)

Genuine interest in social theory is a main, perhaps the leitmotif in his work

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„[M]anagement 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.“ (Drucker, 2003, vii)

„It was with the basic tension between continuity and change that my own work began.“ (Drucker, 1993, p. 442)

„But what I learned from Toennies - and never forgot- is the need for both community in which the individual has status, and a society in which the individual has function.“ (Drucker, 2003, p. viii).



His early writings are the ground work for his ideas on management

Phd-Thesis /Plan
for Habiliations-
schrift (1932/33)

The End of
Economic Man
(1939)

The Future of
Industrial Man
(1942)

Concept of
corporation
(1946)

- Phd-Thesis on the foundations of international law
- Conclusion „that totalitarism was certain to fail“
- Realization of emerging new social institutions and new power centers
- Management as new social function
- Plan to write about „continuity and change“ and the „Rechtsstaat“
- „What can again integrate individual, community and society in an Industrial Age?“
- Christian arguments for freedom and responsibility
- Corporation as a social institution
- Only text about F.J. Stahl was realized
- Strong opposition against enlightenment
- Business corporation as first, but not the only one

Intellectual
pillars of „moral
kingdom“ erected

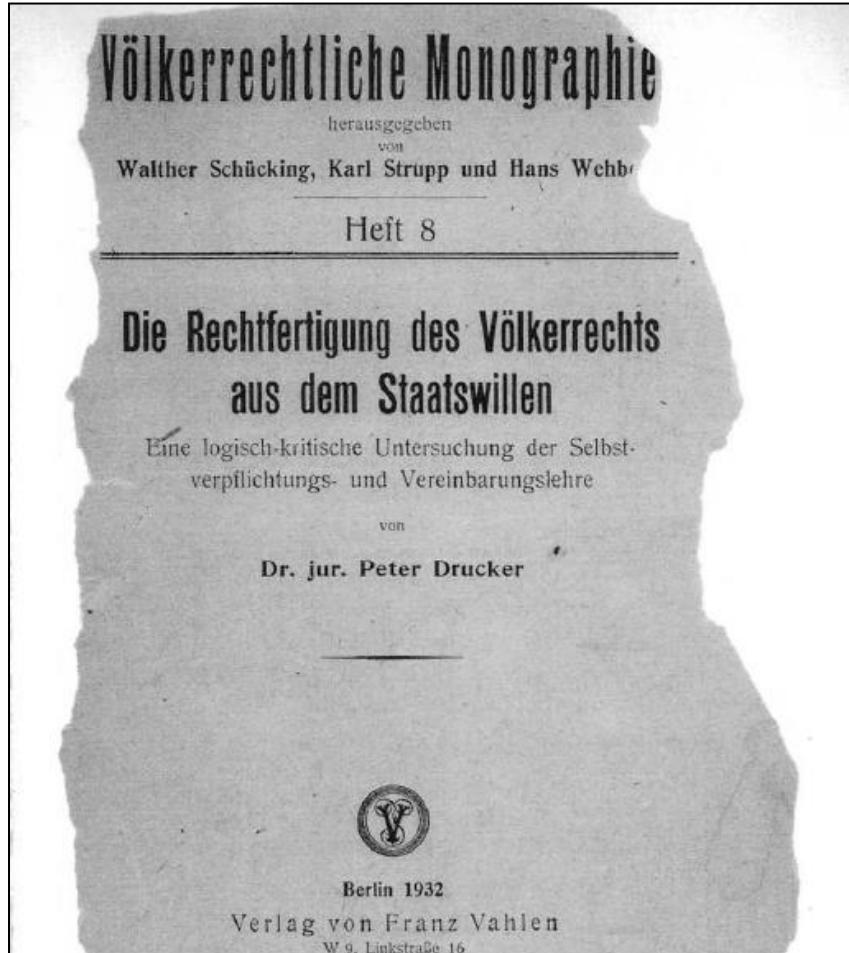
Fundamental
guiding question
framed

Basic social theory
developed

First application of
theory = birth as
management thinker



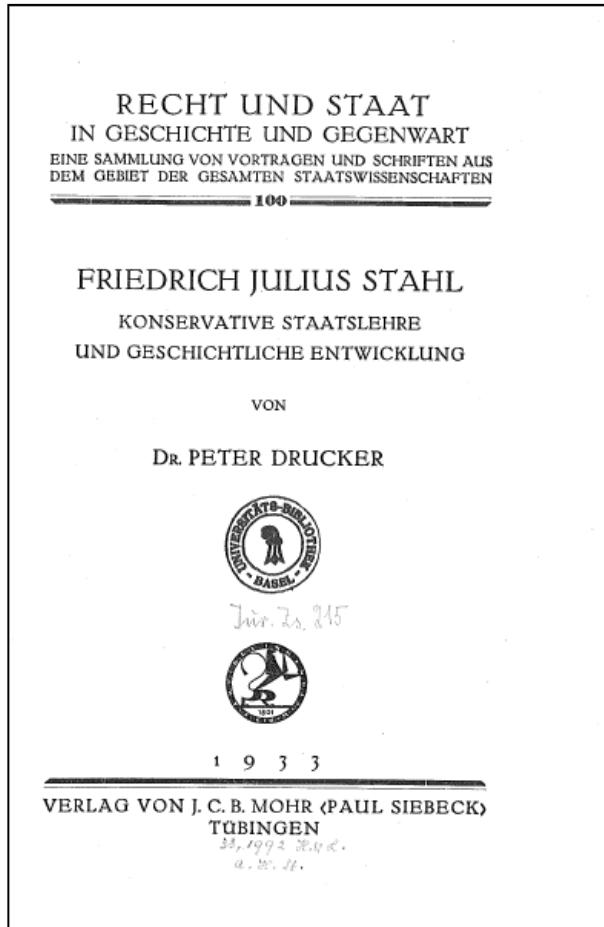
In his PhD-thesis in law he argues for „anchoring law in an absolute value system“



„Law does not exist and does not work, because I want it, but it has validity for me, because I want it. While authoritative working is a property of the law, validity is a property of moral law.“

(Drucker, 1932, p.57)

His work about the state theorist Friedrich Julius Stahl praises a „moral kingdom“



„[Stahl] had to find a form in which all the living forces of the age are united in a common purpose, instead of being engaged in sterile combat - destroying themselves and the world. This task can only be solved through the incorporation and grounding of all forces in a higher, immutable order, in a system whose furthest ramifications exist with reference to the supreme principle.“ (Drucker, 1932, p.5)

This text „forshadowed his entire subsequent development“ (Freyberg, 1970, p. 18)



Drucker's deep convictions are a double-edged sword

„To deny responsibility is to deny that there is an absolute good or an absolute truth. But freedom becomes meaningless if there is only relative good or relative evil. Decisions would have no ethical meaning; they would be nothing but an arbitrary guess without consequences.“ (Drucker, 1942/2002, p. 112)

But can we today really base our frameworks on CSR and Business ethics on the idea of a „moral kingdom“?



Of course, we cannot!

But...

- ... his moralist point of view confronts us with our own value system
- ... his tenacious insistence on the social function of management reminds us to take a larger perspective
- ... he directs our attention to the need for engaging in management of values (as practitioner and researcher)
- ... helps us to see, that: The business of business is beyond business – it is society in an ever changing shape