Leaders for Humanity with **Margit Osterloh -** Stop the Crooks! The Case for Virtuous Organisations

Semi-automatic transcript. Please forgive orthographic errors and inaccuracies.

Introduction

ANTOINETTE
Hello, everybody, I would like to welcome you to our series of virtual interviews with leaders for humanity. And today, we have the pleasure to welcome Margit Osterloh, Emeritus Professor for organization, Technology and Innovation Management - and the reason why I'm in academia, because she's my doctoral mother, my academic role model, and my mentor. And of course, we are going to do a proper introduction later. But before we do this, as usual, I will lead you briefly through the quest for the good organizations.

This series is part of our quest for the search for good organizations, which is a heartfelt passion of myself and my co-host Otti, to turn businesses from suffering machines into corporations which are buzzing with aliveness, which allow co-creation towards the common good as we're going to discuss with Margit later, and which are also directed towards the good of the larger ecosystem and society. The task is old yet still highly relevant - and that's why we need people like Margaret who have a deep expertise and knowledge and practical wisdom, because they have been leaders in their own domains and have faced the same questions, and who have shown they are also able to step into the role of a citizen and of communityship. And without further ado, I hand over to Otti, for the proper introduction of Margit.

OTTI
Wonderful, thank you very much. And, again, a very warm welcome, Margit, it's a huge pleasure to have you here. And many of our listeners will already know Margit, certainly a person who needs very little introduction, for sure in the German speaking domains, as a thought leader as well as an academic leader, and as a board member on some of the biggest companies in Switzerland. Margaret has, throughout her career, especially her academic career, touched on a number of very interesting topics that are relevant for our inquiry - across business ethics and governance, gender studies, organizational studies, and wider connotations of management and society in academia. And we will, I'm sure touch on a number of the more controversial and sometimes critical suggestions Margaret has

been making. And I would say, from my personal perspective, Margaret, I think one of the things that makes me especially proud to have you on the program today is your courage. I felt that sometimes you have taken risks to speak up in a very critical fashion, and making some suggestions and proposals that probably for many of your academic and even political colleagues have been quite new. And that is something we are looking out for: critical thinkers, and people who can combine an understanding of politics, of the human nature and of management science. And of course, let me mention the other credentials which are on the slide, you are a director of a research institute, honorary member of the German academic Association for Business Research, a visiting professor and Emeritus Professor of University of Zurich and University of Basel, and much more. And I think, just to tease us into this dialogue, one of the things we really found very interesting, was your research on CEO incentives. I think you have been very outspoken about this toxic practice, and we also found your ideas about random selection highly compelling. And I'm sure that is something we will hear more about later. So, again, Margaret, I'm sure I'm not doing you enough credit, but a warm welcome on behalf of us.

MARGIT
Thank you very much for that very friendly introduction.

OTTI
Wonderful, but I think I'm probably not making exactly the right introduction. So, the first question Margaret, many of our listeners will wonder: who is this person beyond the headlines? Who is Margit Osterloh? How would you possibly describe yourself with a few attributes?

MARGIT
I'm by education a mechanical engineer plus an economist. And I think that was an important pairing. But how do you translate that? So, I am in both areas. I'm accustomed to think like an engineer on the one hand, and like a social scientist on the other hand. I think that makes me like I'm today. I came to academia at a very late stage, I'm “a late girl”, so to say, I became a professor when I was 47. Because I worked for seven years in a company. And then I started to do my PhD, which meant that I was a PhD, I think, when I was 38. I think this also had a great impact on how I think and how I live, because, I'm a bit proud to say, I know about what I'm speaking and writing about a little bit more than some other scholars who never had seen a company from the inside. I also have a son, was divorced, and today I'm married again with Bruno Frey. So I think these are the most important things about me.

OTTI
Wonderful, thank you for sharing. Antoinette maybe a next question from you.

ANTOINETTE
I have to ask you this. Although you have almost already answered that. To some degree Otti and I are on this quest, because we were also a little bit in a crisis and believe that the world needs to become better. So, I was wondering what, if ever you had a midlife crisis, what did it make to you? And what was the result of that?

MARGIT
I never had one, because I started, as I told you at a late age with my academic career. And I was so busy, yeah, so got to manage it. And in the beginning, I didn't feel very safe in that job. So, I had no time for midlife crisis.

OTTI
Building on that the midlife crisis the question for some will be, the search for a good life for what it really means to live your life well. Looking back at the phases of your life, Margit, how would you define the good life or a life worth living, what is that for you?

MARGIT
The life I live, I'm living this life I always wanted to live. I am happy to say that. I know, that I'm in a very privileged position. I can do whatever I want. I have a lot of freedom about what I'm writing, what I'm doing. I live in relative wealth so I can afford the things I want to afford to. Mind you, I don't need a yacht or some expensive jewellery. I don't need this. But I love to have a good life without having to worry how to pay my bills. So, this is a very privileged position I have and I wish that more people could enjoy this life.

OTTI
I think that that sounds a lot like Bill Torbert's notion of the good life as is good money, good friends, and above all, good questions. Final question.

MARGIT
I would change the order, though, as good friends is the most important thing.

OTTI
Very interesting but I hear you advocating good questions too.

MARGIT
Good friends ask good questions.

ANTOINETTE
Okay. So, I would suggest with that we dive into our many questions we have for you because we're sure that you are going to help us to answer these. And so maybe we start with the first question and the first question is really, if we look at the landscape and try to map good organizations, then we hear such a lot of different terms like conscious capitalism, stakeholder Capitalism, ESG, CSR, it becomes very quickly very confusing. And we were thinking, because you did research also from a business ethics perspective, that you help us bring order in this. What really is a good business? And what different approaches within business ethics, we could have a look at and then kind of try to delineate that for us more clearly.

MARGIT

To start with, I grew up in the tradition of my doctoral father, Horst Steinmann, Professor for management and ethics and the university of Erlangen Nürnberg. And he taught me and I really still find this very important, about the Habermasian ethics of dialogue. And I think this the foundation of what I believe is a good company, a company that that makes it possible that there are structural conditions, which allow to the best degree, this communicative ethical thinking. That's the basic idea, and then we could talk about how to do this, that's a difficult question, but that's the basis.

OTTI
And on this Margit, can I just ask a probably not very clever follow up question, when I looked at Habermas, it appeared that the idea through communication process some ethics would emerge, seemed, that it would only work under very special conditions. So, it was actually never a certainty that such a universal ethic would come about. So, is ethics therefore for a good business forever contingent or contextual in a specific area or is there something like a universal moral standard that we should all adhere to in your reading,

MARGIT
I think the universal understanding is free communication, a communication without pressure. I admire Habermas very much, but in his philosophy, institutions do not play a role. To be honest, they don't play any role. And he doesn't think about how institutions must be constructed that this communication, as a form of powerless communication comes about. So in reality, there is no powerless communication, but only communication which is not too much based on unilateral power.

OTTI
Absolutely. And I was watching you, whilst you were commenting, I was thinking about Foucault, who would clearly argue that power in dialogic processes has such a strong role. And therefore, I would almost think that positing that communication can lead us to a specific form of ethic without realizing the role of power in the place, is very difficult, isn't it? So, we will need to understand the power structure inside your organization very clearly as well to help with the communication.

MARGIT
Of course, power plays a role, all these structures, we have to think about, they entail power, and therefore, this was my job to reflect on how you can balance power on the one hand and free speech on the other hand. I could translate it into another vocabulary, I could translate it into we have to manage the tension between ethics of conviction and ethics of responsibility. Or even I would rather say with the ethics of consequences because that's exactly what ethics of responsibility means. So behaving in an ethics of conviction way has some consequences, which are based on the nature of humans, and we have to reflect that, we have to have knowledge about how people behave in different situations, and we have to aways balance these, these both sides of, of tension. And that's it. That's a difficult thing in constructing organizational structures, all kinds of institutional structures, by the way in, in organizations as well as in society.

ANTOINETTE

I think that's also something we are going to touch later when we are talking about how to organize or operationalize that in organizations, because of course, that is also linked to your work on crowding out – crowding out good convictions so to say. So that's going to be hopefully a rich discussion later that we have to take up again. But I don't want to leave you off the hook so quickly from the ethical and societal view. Because I can remember that long time ago, when I was sitting in your lecture series, you were always talking about the honorable businessman, so that stick with me, and then I tried to find out, is that still alive and kicking? And then I really found it – on the internet, it is still honored by chambers of commerce in Germany. But I found it quite interesting how they define the honorable businessman today. So, the honorable businessman or woman recognizes and takes responsibility for the economic and social order. And heads the principle of equity and good faith, is that enough? Because I mean, that would, for instance, also entail that the honorable businessman could still lobby against regulations. I mean, how do you see that concept?

MARGIT
So I think we both agree that regulations are important. It is important how regulations are created, whether this is done in a democratic way or in a way which is not quite democratic, but gives a high degree of self determination inside of companies. So how rules are created? That's the most important thing you know better than me that we have different kind of fairness - procedural fairness and outcome fairness. And we both probably are convinced that procedural fairness is the most important thing. And this should be the case inside and outside companies. That means that the decisions are made in a way that are procedurally fair, and people believe and feel that is procedurally fair. Is perception in the first place.

OTTI
So is there something Margaret and sorry, we were a little bit I wouldn't say lost, but we're still very troubled by the ethical questions are, we are throwing some of our thoughts at you. Apologies, but ethics of conviction, that sounds very close to virtue ethics in my interpretation of what you just said. So, it's more that we bring the desire to act well in the context of the society we're into as opposed to counting utilitarian consequences. And in that context, we would probably all try to create the rules like you just said, in a fair, procedurally fair fashion. And therefore, to Antoinette's point, I reckon if then the “ehrbare Kaufmann”, the honorable merchant is honorable, he would not try to unilaterally influence regulation or government. Is that a fair integration?

MARGIT
I'm a bit hesitating because, of course, there are forms of lobbying we do not like, but I would never say that lobbying is in any case, a bad thing. There is a kind of lobbyism which is acceptable as long as it is controlled, as long as it is transparent. Then lobbyism in democracy has its place. Definitely. We could speak later about our idea of random selection, which helps to dampen lobbyism, but it will never disappear. And it s impossible, that it disappears. And I'm a realist. So, I'm looking about what happens in reality and I've taking that into account, that means ethics have consequences.

OTTI
That means almost checks and balances. So we need

MARGIT
checks and balances is very, very good expression for that. Yeah.

OTTI
So we need to nurture the civic sense of civility almost being pardoned and growing within society. But we probably need some safety mechanisms. And Antoinette that sounds very close to your thinking.

ANTOINETTE
Which probably is not a wonder, that this is close to my thinking ;-). But then we could maybe develop that a little bit, because this is something which sits very squarely in, it's almost a German take on ethics, a very big one: institutional ethics. I can remember that we once visited the German business ethics scholar Homan, and Homans' idea was, that we need to design institutions, which are soundproof for humans behaving like homo economic. So it was literally about that crooks, some of which are to be expected in the world, have no chance to be behave like crooks. So that was his idea. Now, obviously, that's not your idea. But if you would develop that a little bit with the theory of control, what type of regulation would you suggest: working with the price mechanism, more formal rules, or more peer control? What would you suggest on the institutional level?

MARGIT
First of all, Homan was wrong as he does understand nearly nothing about what we call psychological economics. And that means that people often do not behave like the economic men; in some situations, they behave like economic, but in many situations, they do not. And we must take that into account in our institution building theories, under which circumstances people behave, in which way. And we should embrace the findings, particularly on crowding-out, from psychology, or on voluntary cooperation from social psychology. The next question, in principle, I'm a capitalist, I think capitalism is not the worst institutional order we have, of course, I would play for a social capitalism for a form of capitalism, which is embedded in a social institutional framework. And, of course, we have the idea that institutional framework must make sure that we have as much individual freedom as we could, and that people are incentivized and encouraged to contribute as much as possible to the common good. Of course, that's the idea. And am I sure we can do this. Later, you will ask me about the people I admire most. And my answer would clearly be Elinor Ostrom, because she did that in a way I really admire. She looked at what it takes to upheld and care for the commons.

OTTI
Because this is very interesting. And Antoinette I think that Paul Adler, when we talk to him, will probably argue the opposite and say, yes, he will suggest capitalism cannot be saved. And I think Henry Mintzberg was saying last week that certainly any adjective capitalism, so social capitalism, caring capitalism, conscious capitalism, in his books does not really work. We need something something else, which is much more related to the society that we want. But I think this is a very interesting discussion. But Margaret, I want to ask you one other thing related to the ethics, how would

you measure goodness? And as you just said, You're a capitalist. So, what's the role of profit in your definition of what good is in a societal or business context?

MARGIT
Profit is insofar important as we know that the wealthier a country is, the more altruistic are its people. At the moment I'm dealing with an interesting problem, which is very new for me and which means that preferences of people are changing in relation to the wealth of a nation, and according to the degree of inequality or equality of a nation. And what comes out is first, that people behave more in an altruistic way, the richer they are. Secondly, that preferences of men and women (I'm working on gender, and gender economics) the gap in preferences between men and women regarding education gets even bigger in richer countries. This really struck me, and I'm doing at the moment research into how to explain this fact. But what I wanted to emphasize: wealth is necessary that people become more altruistic. And therefore, as institutional economists, we have to care for wealth and profit making. Very easy.

OTTI
Are there not a number of assumptions under that. One is this famous, if the water rises, then everybody will be better off. And I think someone like Pickety would probably argue that actually this is not necessarily true. We've seen for the last 20 years an increase in GDP per capita, but at the same time, most of the normal workers have actually not benefited from that increase in GDP at country level. And then secondly, I think

MARGIT
That's not true. That's true in some countries, in the UK, clearly in the United States. It's not true for Switzerland though, and therefore, my opinion is, that the institutional framework we have in Switzerland is a better one, than in most other countries. And we should reflect what makes the difference. So, in Switzerland, inequality has not risen after taxes.

OTTI
And I think if we look at research, we see a correlation with the Gini coefficient. So, I think the question is, is inequality increasing with an increase in wealth? And I think you're probably pointing to the fact that if inequality is not rising, as is the case, certainly in a number of European countries, those altruistic effects come into place. But my second question would be related to Stefano Zamagnis' criticism of what he called the mixed economy model. So, the typical Samuelson style, we've got a capitalistic market system and then we've got institutions that will correct and redistribute wealth. And he would probably argue: it's not altruism that we want. We want an economy that in itself is creating better employment and more wealth through the activities rather than through redistribution. What's your view on that?

MARGIT
Of course, redistribution is the second best way. That's for sure, the best way is that people earn their own money and can be proud of the money they earn for themselves. That would be the better way and what we have to do to help people to earn a good salary is to educate them, to give them as much

education as we could. That's, that's for sure. And we have to create institutions, who help poor people, people with bad socio-economic background. Yes.

ANTOINETTE
Well, I just like to dig a little bit deeper, because we can see with the example of Switzerland, we have high happiness figures. So as the other things you have explained, I think there is this correlation clearly, between more equality and wealth on the one side and happiness on the other side. But if I look at Swiss companies, we still have a number of Swiss companies, which produce enormous negative externalities, for instance, by still laying off people or more clearly, producing high environmental costs. I do believe that we have, also in Switzerland, our corporate cases of wrongdoings. So, I think the analysis of Henry Mintzberg that there is a certain case for corporate irresponsibility rather than responsibility also holds for Switzerland. So, I just want to throw the ball back. What should we do in these cases, is it also a matter of we need to teach business ethics and universities and then they will become better? Can we change something in this institutional ethics frameworks in order to prevent that? Because this is where you coming from? What's your view on this?

MARGIT
I think, I always think that we should look on the institutional framework, because frameworks have a lot of advantages. Frameworks should be created, that they are equal for everybody. That's one thing. Secondly, within this framework, you can to a certain extent act autonomously and these are two very, very important to preconditions. So direct interventions in most cases are the worst thing. Yeah, the voicing.

ANTOINETTE
So we will have to internalize for instance, external effects,

MARGIT
of course, by prices, by CO2 taxes, and so on, that is always, in principle, the best idea, but of course, they are different tools at different times. For example, in Corona times, we had a very special situation and direct regulations, which needed be. But on the whole, I think Switzerland managed it quite well, because the rules were supported by the public, even by public votes.

ANTOINETTE
So the participation again, is really important. I just have one more question Otti, because I still try to get through at the problem. Is it then, on the other side, because you also say you are a convinced capitalist, maybe a good idea to start with rankings of ethical companies? Is that the way to have more ethical companies?

MARGIT
No, rankings are in nearly every case, maybe with the exception of sports, but I don't understand this domain, so I should be silent on this issue. I think rankings always have negative side effects, which means that people try to manipulate them, or concentrate only on the factors which are measurable and do not take care of the others. And we know very well, that sometimes the issues which are not very

good measurable of more important ones. So, rankings in nearly every case, are a bad thing. What might be better are awards which might be different from rankings.

OTTI
Yes, absolutely. And I think that was another thing we discussed with Stefan Zamani. I'm just trying to get head around it. So what we have said is, that goodness has a lot to do with communications and creating the framework for allowing participative rule setting and in that context, being very aware of power dynamics. Then you said that rankings are also not necessarily the right way. Profit still plays a role in enabling that creativity in a capitalistic system that raises the level for everybody, if that, again, is embedded in an institutional framework. And I think, again, you're pointing out the importance of almost equality of access, certainly in terms of education, which I think is certainly something that resonates. Also, with Paul's view, I wanted to go a little bit into CSR. So, there's this corporate social responsibility movement. And we will talk to Ed Freeman in a few weeks. So, I just wonder if we crunched up the last 50 years of CSR. What's your perspective: has CSR worked? Are we in a better place today than before? And what are the lessons learned? And then I ask you about stakeholder theory so we can take your comments to him.

MARGIT
I'm not so sure, that CSR was really unsuccessful. It could be the case that capitalistic forces are much more forceful. For example, if I go along streets, I see advertisements of companies like I think Shell or some other soil company. They make advertisements so that we see they behave in an environmentally friendly way. That's obviously greenwashing that's quite clear, but is greenwashing so bad, if it helps Shell to still become a better company in the sense that they earn, they make profits, but on the other hand, they now have to care for environment more than they did before because otherwise they get a bad reputation. So what's wrong about it? I think greenwashing is not so bad, because it gives an incentive to companies to look at issues which they didn't look at before.

OTTI
But is there not? I'm going back to your distinction between ethics of conviction and ethics of consequences and talking about Shell. I think the court case that happened in the Netherlands a few months back was very interesting, because the court, and I'm not a lawyer, but I looked at the judge and the judgment that was made. And basically, the conviction of Shell was on the basis of an institute in the Dutch legal code, which request of every citizen and corporate citizen to take care of the society, and including future generations, and based on that principle, Shell was convicted. So that for me sounds like an ethics of conviction. So, we are all part of this, we have to take care of each other. Whereas when we say greenwashing could also be good, that for me looks more, in my experience, as well as a company's trying to comply with a deontological set of rules. And in reality, we've got a lot of research that shows that the disposition to behave ethically is reduced whenever people go into this compliance mindset. So how do you bring those aspects together? If greenwashing is just “I go with the regulation,” but I don't really take care of the planet, could it not just then also perpetuate an immorality, what Antoinette called the kind of social irresponsibility of corporations,

MARGIT
it could be the case, but there's the role of the press as well, for example, which brings these bad behaviors to the public, or the Friday's for future movement, we have a lot of social movements, who are very active and very sensible for the wrong type of greenwashing. So, I think it works quite well. And by the way, the principles of the ethics of conviction, they are changing it. So, the world is changing. What we see as unacceptable behavior today, was acceptable in former times, and is no longer acceptable today. Take the question of slavery. Until the 19th century, slavery was accepted, today, we can't believe it. Or look at countries like Afghanistan, where women have no rights, where it's seems to be acceptable (at least for the ruling class), where it's not acceptable with us. So, we have to take that into account.

OTTI
I couldn't agree more yet on the other hand, that could lead to a very dangerous cultural and contextual relativism, which ultimately leads to nihilism, because of course, we have also got the capitalistic context that is constantly pushing the boundaries on what is allowed. And I think, I don't know what would your commentary is on that Raiffeisen CEO case that came up in Switzerland two weeks ago when I was there with Antoinette. So the Raiffeisen CEO seem to have received 14 million annual salary aside from the salary that was officially shown? So, these types of behaviors certainly are unacceptable?

MARGIT
Pierrin Vinzenz. That's a clear case of hubris. We can talk about that later. And that's a problem with these superstar, hero leaders, which are created partly by the press, partly by their disposition. Because they can profit from it and there was no institutional form of controlling. We have to look for institutions which avoid this. And lotteries could be such an instrument to prevent this type of hubris. He's a typical example, a very typical example of Hubris.

ANTOINETTE
Yeah. And I think we will in shortly go over to the next section. But what we do before, it's just a quick wrap up. So, I heard that institutional ethics is extremely important. We need the right framework, institutional framework, with enabling and not coercive rules, which should be fair, which is also participatory, and will not entail badly designed rules. I heard also that social movements, in your opinion, are very important. So here, you come very close to this rebalanced society that Henry Mintzberg has in mind. And they're important for two things, they can look for further regulation, they can lobby for further regulations, but I also heard you that they are also bringing up new ethical topics. So, like now, we are for instance, talking about colonialism, what does this mean etc. There is thus this additional effect, which is very important. And I would just like to also draw back to the very first thing you were saying, there will be also a universal ethics, we can all define, if we would follow the dialogic ethics that Habermas has once lined out, if only we knew how to implement that a fair summary,

MARGIT
how to implement that, with which institutions we have to reflect about that. As far as I know, Habermas has no ideas about institutions who really can enable this, this kind of ethics.

OTTI
And I think that is what I'm taking away from the first section as well. And I am looking at Markus Gabriel, who who wrote a very interesting book on morality, “moralischer Fortschritt in dunklen Zeiten”, on moral progress in dark times. And he's arguing for something that he calls moral facts, where he says, killing your parents is never a good idea. So, in reality, whilst there's cultural or contextual connotations, there are certain things that we should all agree on, that are moral or immoral. And I think my challenge with contextual ethics is that the current, the capitalistic system is creating a hedonic treadmill, you were just talking about hubris in individuals and immaturity in leaders, especially male leaders. And I think I'm still troubled whether we can just through better dialogue resolve the challenges that we have. Because arguably, in countries like the United States, they way we are living is not good. Henry pointed out that on every relevant statistics in the last 20 years, we're going into the wrong direction. So, I guess we need some sort of reset, before positive communications can come in. But that is what's on my mind after this has been a very interesting first section. Thank you. So until then, we go on to the second, which is about organizations. And, again, given that you have the privilege of knowing Margaret's teachings a lot better, do you want to kick us off?

ANTOINETTE
Yes, gladly because you already started and I think, Margit, a long running topic of yours is corporate governance. And before we go into the hubris, because of course, that's one of your big accomplishments to look at this much more clearly. I would like to tease out a little bit of your experiences on boards and what went well or is a good aspect of the board and where you believe that boards at present have really limitations and cannot do what they are supposed to do?

MARGIT
As you know, we have two different kinds of board systems. The German ones, where they are inside and outside directors, which has advantages and disadvantages. And the Swiss, UK and also American one where you have mostly inside directors, and I think - to be clearly I prefer the German systems, that there are outside directors and that there are directors, which are elected by the employees, this comes comes closest to the idea of corporate governance, which I believe is good. And the background is that quite clearly that shareholder capitalism is not a good form of capitalism, because it's not correct to say that only the capital owners should be presented at the highest level. And the reason why is, that it's not only the shareholders who invest firm-specific, the idea who owns a company is that the owner of the company is the person who is dependent on the residual claim of the company on the profit, which cannot be contracted. And in former times, people believe and that's the idea behind shareholder capitalism, that only shareholder capitalists invest in the company in a way which cannot be contracted ex ante. Today, we know that also employees, that also customers and so on, they investing as well in the company in this specific and not ex-ante contractable way. They invest their knowledge, tacit knowledge, and so on. And this is the reason why, today, I think the pure shareholder capitalism is out. Because the more tacit knowledge or knowledge in general, and tacit knowledge in particular, is important for the competitive advantage of a company, the more these other investors, called stakeholders, become important and they should be represented at the top level of the company. That's the first thing. The second thing is how to organize it. That's a different, a related question, but it's a

very difficult one. But in principle, this is a background of my idea about corporate governance. Unfortunately, not many people in in Switzerland, or in United States do share these. With academics, there are some people who share it, but in with practitioners. Yeah, they don't believe in this kind of shared corporate governance.

ANTOINETTE
So I mean, I read that you that's also suggesting to make stakeholder management operational in this way. We're talking about these two representative bodies. So, I guess one representative body will be the model inside directors and the other one will be really composed with elected stakeholders and workers. Yeah. But of course, the interesting question is how to get there, because I think these ideas have been around not only from your side, although you're bringing them much more forward. But they have been around for 30 years. What can you do in order to bring that into corporate governance,

MARGIT
As a Swiss person, my views are to make a referendum. I'm very curious about the referenda, we will have in November, about the so called Justizinitiative. And in this referenda, the idea is that the highest judges should be first preselected and the final choice would be done with a random selection. And so this is a different question than corporate governance. But, um, yeah, I'm sure it will not be accepted. But the discussion about random selection will be fueled. And that will make a difference. So, I think our hope that in let me say, five or 10 years, the issue of random selection will become much more popular (and its functioning known) than it is today. It has already started, you know that the Swiss national science foundation partly applies random selection? And that's a great breakthrough, because the Swiss national science foundation is the most scientific organization you could imagine. And if such an organization introduces a very new system of selection, then this is a good ground for moving forward in that direction. So, I think one has to be patient. Such big ideas, like accepting lotteries as a principle of government is so revolutionary. So, it has a long history, as you probably know, but presently, it's so revolutionary that we should be patient and yeah, and hopefully in five or 10 years, things have moved in this direction, hopefully.

ANTOINETTE
But we can take that, of course and now use it also for corporate governance, because indeed you have brought that in for corporate governance as well. So maybe you want to explain our viewers what this is all about and why you would also suggest to use it for corporate governance reasons.

OTTI
And Margit I think we need to explain what sortition is. I think many people will by now be looking with big eyes and say random lots, what? So I think you need to explain briefly what it is.

MARGIT
Sortition is another expression for random selection, or lotteries. And lotteries have been applied for 1000s of years, for example, in ancient Athens. Aristoteles, by the way, thought that lotteries are the only real form of democracy, because their equality is 100%. To be honest, in essence, slaves and women were excluded. So, there you can again see what Zeitgeist means. But among male adults, the

government was selected by lotteries, because lotteries have a lot of advantages. For example, they give a voice to those which are otherwise suppressed. And that's an important thing for the applicants For instance you have to apply random selection in corporate governance, because we have so many stakeholders, much more stakeholders than we have shareholders. It could be it's the employees 5000 plus customers. Yeah, it can sum up easily to 10 or 20,000 of stakeholders. So how to represent 20,000 stakeholders? You could do it by election, but election has a lot of disadvantages as well, in particular, that only that often the ones who have the biggest and the loudest voice are then elected. So in this case a random selection could be a true representation in the statistical sense. And that's the important thing so that outsiders, newcomers, women, foreigners, migrants, have a chance to have a voice at the highest level.

OTTI
I think it's very interesting with the two thoughts that come up for me one, if I understood it correctly, in the Athenian Society, certainly, the pool was based on volunteers. So, people would actually say, Okay, I'm willing to come into this, it wouldn't necessarily be the full population, but people would be allowed to say, do I want to be part of the pool or not? And secondly, there seems to have been a principle that certain roles in the government were declared technical, like the military role, for example.

MARGIT
Very informed. Yes, you're right.

OTTI
And those roles were not up for sortition. So, there's almost like, maybe then, again, talking about your point on institutions, I think we would need for one to ensure that we have, that we make roles available. So that we say actually, lets train up people, so they can step into these roles and let's make the roles more generic. So, they're not so technical, which arguably, at the highest levels of an enterprise is probably the case as these become less and less technical, in my experience. Right. But secondly, I think there is a necessity to invest in the capabilities of people to be part of a democratic society. And is that not something that today is lacking? Well, I think, again, I can't remember I'm sure it was either Henry or Paul describing that. I know Bill Torbert was talking about how people use their leisure. And then this isolation in society, of course, describing the United States, people are spending their leisure sitting in front of the television, so to speak and eating popcorn, and that is a very dark view of what people do and hopefully not correct, but is in an individualistic society, not the desire to participate the real problem. So would we not need to start there at the same time.

MARGIT
First of all, the member of the of the board at the moment are also not always very well informed. This I can report from my own experience, that's the first thing. This is true, by the way, also for politicians, they are not always as well informed as we would expect. The second is thing is we know from social psychology, and from an article, I always cite, who found out that if you give people the opportunity to participate in decisions, they inform themselves. So, this is a virtuous circle. And the people in the United States, they are sitting lazy in front of the TV, because they have nothing to say, why should they force themselves to participate in this crazy system? Yeah, it doesn't give them any opportunity to really

participate in important decisions. That's the background. And that's also a very important principle we use in educating children. Today, we know you have children to give a say, and then they inform themselves and the same is true for adults.

OTTI

And I think that's exactly what we've seen in the Athenian Society, suddenly, people realize, I can make a difference, I'd better get myself up to speed. So, I think you're probably very right that we might need to start with changes in the institution. And Antoinette, I'm thinking again, I forgotten the name the gentleman at University College London, who is proposing institutional democracy as a modification of democracy, to have much greater representation. I think, Margaret, we will probably, is it Collins, that could very well be the case, I think we will pick your suggestions up with him, because I know he was looking at a framework. I don't I don't know if either referenda were part of it. But I think it would be very interesting and liquid democracy, I think it's another one on our list. But I want to ask you one more question on, you just said even politicians or board members are not very well informed at times. And you have, of course, as many people I'm sure know, being part of boards like Swiss Post and other big companies, there has been a lot of debate in the United Kingdom about the role of board members. Because the question is, can anyone with a large complex organization as an external ever be fully informed or informed enough to truly be held accountable for the direction of the firm? And I would suggest, from my own experience, I mean, I had hard times as an internal to be fully aware of what was going on and check compliance and, and that everything was going in the right direction. So I cannot imagine that a board member could actually play that role. Truly, successfully. What is your experience? And what is your suggestion?

MARGIT

In general, I agree. And therefore it's so important that on the board is a combination of internals and externals, in particular in the German form of codetermination. I really like it. It's a very good corporate governance system, because there are people from the basis of the corporation and they can tell you what happens at the shop floor, that's very important. So, you have to look for institutions that really mix up people, from internal people, as well as external people, external people are always also sometimes very important, because they can bring in fresh new ideas that internals are a little bit narrowed. So I think diversity in general is a very important thing. Of course, a German co-determination system is not a perfect one, we now have big scandal with Bernd Osterloh, who is a co-determination director of the employees at VW. By the way, he has the same name as me but he is not a relative of me. So he earned 750,000 euro year, so that's a big scandal. VW night not be a good example for German codetermination system. But I think in general it works much better.

ANTOINETTE

I have to cut you now. Otherwise we get into trouble. I'm just trying, again to summarize a little bit, because then we can look at your suggestions how to institutionalize that in organizations, because at the end, you did most of your research for a very long time in organizations. So, I heard what we need in order to have that kind of an institutional democracy in organizations, is to enable participation, we have to take care of the power discussion. So more power over rather than just power. Power with, we heard that self determination is important. And I think in an earlier article, you said, we also need

confrontation with social problems in conflicts. So, I guess that was overcoming defensive routines so that we really openly can discuss, and we need to learn more from this confirmation, I just tried to summarize what you have written and told us today. Now, what does this mean exactly for organizations? Is there an archetype for you see, this is more likely to happen? If we go inside organizations - How can I operationalize this?

MARGIT
in general, so in my organization theory, lecture, I always plead for overlapping groups, which is a mixture between hierarchy on the one hand, and on other hand, within groups, there could be a high degree of participation (note: sociocracy). And I think, in general, one can realize this idea more or less under different circumstances. But this is idea in general, which is in between the tension of hierarchy on the one hand, and we cannot have a company without any form of hierarchy, and self determination, on the other hand,

OTTI
Just one quick question on Antoinette, because, of course, we're coming straight from Haier talk. Haier is a manufacturer in China, suggesting a Chinese model of organization, which I think would challenge your notion that we cannot have that ambivalence between autonomy and control without hierarchy. And Haier has created 4000 micro enterprises where basically the teams that you mentioned, have full autonomy, especially over recruitment, over pay and salaries. And over what are decision making, within a context of a few norms that are pressed for at the organization level one is, you have to deliver at least one and a half times the sector profit. And secondly, you have to make use in a preferential way of internal services, unless you can explain that someone else is better suited. So HR, finance and other distributed functions. And that is a very interesting model because it really pushes the intrapreneurship in the company, whilst maintaining cohesion. And they have now managed also to embed external companies into ecosystems. And of course, the big discussion is, does this only work in a Confucian style Chinese collectivist context where there's enough balancing? Or could we transport this into European companies and American companies and that was the big debate. But I'm just wondering, so, in a nutshell, after all of this is there not a form of organizing, where hierarchy becomes less relevant,

MARGIT
of course, we could think of companies which are organized more or less hierarchical, but as soon as you have central services, for example, HR services or controlling services or marketing services, then you have economies of scale to realize. A central HR division for example, works better than a decentralized HR, or a centralized controlling a completely decentralized controlling is not possible. So, these are so to say common goods, which are to be created and from which every member of the company in the decentralized units can profit, but to organize these centralized services, this means certain kinds of hierarchy because you have to make sure that in every department for example, the controlling rules are applied in the same way otherwise, so there is no controlling. And as soon as you have decentralized common rules, then a form of hierarchy is inevitable.

ANTOINETTE

I can take that up, because you are now also starting to talk about the corporate comments. So for instance, you could also add absorptive capacity and other corporate commons, or some degree of shared implicit knowledge is a corporate common. Now you've written a lot about what it takes to organize the corporate comments in organizations and maybe we can try to frame it from this side because indeed, this is a big discussion I have with Otti also, as I always say it's difficult to really produce corporate comments in that Haier setting.

MARGIT
Of course, to realize corporate commons, they are in principle two different ways. One is power/ hierarchy. And the other is, as Elenor Ostrom has taught us, is common-determination in the small units. Yet this means that the bigger the company is, the more difficult it is to really manage this in different small units. On the one hand, there is power, it could be managed from top down, how, let me say human resources should work. But you could also imagine that there is a strong spirit in the company, who tells you about principle of corporate governance, the bottom up, and again, you have to look for a mixture of both principles. Certainly the bottom up way will cost a lot of transaction costs. So yeah, you have to look how in, in in reality, you put in practice, both principles.

OTTI
And I think here this goes back to Fiske, right, the discussion we had on a horizontal individualistic model, and I think Margit, even Mary Parker Follett, right, so one of the ignored female, wonderful economists from almost 120 years ago, would have suggested that the capability of integration, from their differentiation for autonomy to this reintegration for the common good, but also for corporate effectiveness is really what matters most. And we were talking to Carol Sanford, who certainly would advocate that can ever only happen if we've got agency in every individual participant in the system. And secondly, I say, and I don't know, how we would frame this, but something that is almost like a willingness – an ethos of participation – trust, vulnerability to mutual power. So is structure enough? Or do we need to also lighten up that spirit in the individual to realize that some they're part of something greater? So without love? Can it ever work?

MARGIT
I absolutely agree. If there is a common spirit in the company, then it is much easier to realize the corporate commons. That's for sure. But common spirit is not so easy to create. The more differentiated a company is the less easy it is, we should realize that. And markets also play a role. Don't forget that.

OTTI
We might need to revisit Williamson because this idea of the corporation's boundaries are determined by transaction costs. Maybe that is really out of date. And we need to look at the corporate boundaries should be determined by our ability to create commons that are a subset of the good society of the commons that transcend the boundaries of the organism. And if that capability is not there, we should probably tax organizations to themselves to the meaningful size because

MARGIT

one could think of a revival of transaction costs if you take in psychic costs and advantages, like the Akerlof concept of identity costs, or identity advantages, wonderful. Which means there are other costs and advantages then only in the form of money. And I think that's important. And many, many young people today, they love to work in a company where they are convinced of the products. That's nothing else than psychic psychological advantages.

OTTI
I would almost argue for transfer transaction value. Yes.

ANTOINETTE
Yes. By the way, it even exists. And I find that the better theory because you also have to invest. It's not only a cost, and that's very important.

OTTI
And it goes back to Colin Meyers point that organizations are such only ex ante by public Fiat. And if they don't contribute to the society that allows us to create them, then they really shouldn't exist. And we should probably tax the hell out of them. But again, Margit, really nice. We will take this idea on board, I think I'm sure that that's a good one back to you.

ANTOINETTE
Yeah, I'm still hammering on the same. You have also written about Wikipedia, and you have written about open source. These are no small. No, there are no companies, but they're not small organizations in a traditional way, they're not even an organization. How does it function there? Because there is no hierarchy? I think so in open source.

MARGIT
That's, that's not true. That's not true. Unfortunately, in the beginning, Wikipedia, as well as open source has less or nearly no hierarchy. But today in Wikipedia, there's a lot of hierarchy. I have never contributed to Wikipedia, to be honest. But some people tell me that you cannot post anything there, there is a strong hierarchy. And that might be the reason why unfortunately, Wikipedia doesn't function as well as it did. Maybe you have realized as I did, some articles are really not very informative. And the reason might be that this kind of hierarchy today doesn't motivate people to contribute voluntarily, as I did in the beginning.

ANTOINETTE
Then unfortunately, that example of corporate Commons companies is not very helpful any longer than

MARGIT
Is does, because it tells us that to make people contribute voluntarily to such a big thing as Wikipedia, hierarchy must be dampened. This happens to a very high degree. Of course, everybody accepts a certain kind of hierarchy. If you know, this is a person who really knows about, but this kind of police they have installed nowadays, as Wikipedia, people tell me, yeah, that will kill Wikipedia in the long run.

And that, by the way, that's a very interesting example. And thank you that you mentioned this interesting issue.

OTTI
And it almost reminds me, Antoinette about what you mentioned, to Henry Mintzberg, about professional bureaucracies, which was one of the six archetypes that Henry was looking at. Whereas, of course, Henry would suggest we go to these newer versions of Adhocracy. But I think in his mind, there's also a lot of contextuality in one sector, one context. So an archetype might just work better. Which brings me from Wikipedia to another very interesting analysis that I think Margaret, you and Bruno have been working on monasteries. What can we learn from the monks if anything?

MARGIT
First, we can learn that cloisters were a highly democratic society. Most people do not know. They elect their hiring people and this for 2000 years, that's, that's astonishing. That's absolutely great. That's the first thing we should learn from monasteries. Second, that we would call it today corporate culture or corporate sensemaking, which is very important in monasteries as it is with Wikipedia, and these institutions. And the third one is, that we have compared two forms of corporate governance, so to say, in the Benedictine cloisters, which one works better: andabbot who comes from outside the ministry or an abbot who was elected from inside. And the interesting outcome of this research is, the internal is better, once we measured success of these monasteries, in economic terms, by the way, if they were not successful in economic terms, they died, we know that they went to bankruptcy. So economics were very important. And on average, the inside abbots were the better ones. The reason why, is that the information asymmetry, which we talked to about in companies too. This does not mean that inside corporate directors are always a better ones, because we know inside versus outside, inside, there is less information asymmetry but they are a little bit more dependent. outside directors, there is information asymmetry bigger, but they are to certain extent more independent. So that's a trade off between these two principles. And in monasteries obviously it was the advantage of, of less information assymmetry which was dominating. So these are the three issues we find. And by the way, monasteries are such a special kind of organization, they are so special, they are so fascinating, that even today's there are young, young people who are devoted to this special kind of living. That's absolutely fascinating.

ANTOINETTE
I remember noticing you were writing about and we were also told when we used to have that seminars in cloisters, and that was this review, I found it very interesting, which makes the review process like

MARGIT
oh, yeah, thank you for reminding us that in cloisters, there is a kind of external control named visitation. Visitation means that an outside person from another cloister comes from time to time, and exerting the kind of control auditing whether the cloister is well led by talking to all monks. That's it, thank you for that, for mentioning that that was very important for the functioning of the places.

OTTI

The other Thing, Antoinette that we picked up with Simon Western, was this idea of formation of monks which tended in terms of becoming a leader seems to be much more of an experiential growth process in a community. And I think Simon Weston talked about finding the priest within. So this formation process was really like a crafting process that the in them in monasteries, people would go through, which sounds very different toward today's recruitment.

MARGIT
Huh, very interesting point. Yes.

ANTOINETTE
We call that very technically input control Margit. I think you also had a look at the input control very strongly.

OTTI
I want to ask one more question. Okay, I want to go with the final question. And then we go into the final 15 minutes, then we'll focus a little bit on leadership and academia. Actually, I wanted to ask you another thing, Margaret, you wrote about the curse of the Oscars, which I find is fascinating. I never heard about this. Before that. I wanted to ask you, if you were the next appointed CEO, let's say in a company like Raiffeisen, yeah. What would be you think the most important leavers to create? What are the 1,2,3 things you would look at? In trying to find out where you can potentially create a better business

MARGIT
to allow for the highest degree of diversity which is possible. We know with diversity there are also trade offs, we can have too much diversity, then a company will not function. But less diversity is the worst thing. Another way would be to install this idea of an advocate diaboli. Or maybe we come to this later, a lottery, which means that these are all kinds of mechanisms which allow hierarchies not to flower too much, which dampen hierarchies, because it tells people, there are other things you should have in mind, then your own meaning. Hubris is really, really, really a veritable and high danger in companies and an advocatus diaboli and lotteries are good institutions to dampen these hubris.

OTTI
And it's really interesting Antoinette you remember Bill Torbert was saying at the highest levels of maturity as a leader, you almost always need to find yourself a jester, you need to find yourself someone who is constantly contrarian and bring you the different viewpoints. So you're not becoming too convinced of yourself. And I think that's really the hubris idea, Margit, at both individual and collective level, I guess. Right, so you can probably have both. Yeah. And then just for finishing us off the curse of the Oscar, what is that?

MARGIT
The curse of the Oscars means that's an issue in in gender economics, and I'm dealing a lot with standard economics. And that means that still today, there are preferences with men, but also with women, that men should be the winners. Women who win in competitions, in particular in male

domains, they are not loved, they lose. Yeah, they are sort of seen as bitchy, and so on. And this is also true between couples, we have some statistical evidence that as soon as a wife earns more than 50% of their family income, then the divorce rate jumps up. We have really some impressive evidence on that, by the way this is evidence from the United States. And at the moment, an assistant of mine tries to find out whether this is true also in Switzerland, and whether there are differences between more conservative and less conservative Kantons, so it could have to do something with the mindset, and that same issue. The origin was that it was found out that if lady, a woman, has won the Oscar price, she was much more likely to be divorced than if a man won an Oscar price. And that gave the whole thing the name: Oscar Curse.

OTTI
I think, and let's summarize and go to the final section. But Margaret, I was just reading, actually an essay about research methodologies, where someone was taking an interpretivist symbolic stance. And he was suggesting that if we forget about the symbolic connotations of communication and how we interpret the world, we might miss a very important piece. And I think there is nothing more symbolic than this Oscar prize. So I think there's a lot of symbolism embedded in how we have in our world,

MARGIT
but it still tells us that even today, gender stereotypes are so strong that one cannot believe and, and the bad thing is, as I told in the beginning, we have empirical evidence that with the growing wealth of nations and with the development of the countries, these stereotypes, don't go. The gap between the stereotypes becomes bigger, not smaller. That's the same thing. But if that's the case,

OTTI
Antoinette. Summary.

ANTOINETTE
Great, I just was guessing this could have something to do with this very difficult development, we're also tackling with in leadership development. Which just means that the maturation, the ability to confront social problems, that might be more difficult today than it used to be, because we're so used to consumerism, hedonic treadmill and all that thing. So we have to take it, I think very serious, what you were saying how organizations will have to look like, and what I take from it is clearly that you say, well, if we want if this is a large company, we need, of course, the decentralization because this enables at least self determination, this enables to give power where power needs to be, that enables local learning, but we still have the integration problem. And for integration problem, we might turn to hierarchy, because that's still an efficient solution. We might also turn to sociocracy, which you mentioned. And you were a little bit skeptic, whether there are so much more possibilities, as long as companies are still so big. We should we get better in handling conflicts, which is of course also apparent if we have diversity, and what would we need to learn for organizations in order to be also offering challenge and not only harmony, which we also seem to be needing now I was going way beyond probably because my mind was picking of

OTTI

We will need to go to the final section. I will take from this. I think we've covered a lot of ground. Margaret, thank you very much. boards. We talked about boards, different forms of boards, and I think Antoinette one for us to look at Margaret, you mentioned the codetermination model. I think Antoinette, Alex Edmonds from London Business School would have a more skeptical perspective on codetermination. I think ultimately Paul Adler will talk about union representation. So I think we need to dig a little bit into this. We then looked at organizational forms, and I think I'm sure that you already brought it all in I think there's random sortition and random selection, and how to generally avoid hubris is certainly something I'm taking away. Cloister, super interesting. I think we will talk to someone, maybe if Stefano Zamagni is helping us and corporate comments, I think this for me is still one of the most important concepts and the idea to revise millions and I find very appealing. So I think that might be some some further research to be done. And I think if that's an okay, segway, I would suggest final section. We wanted to talk about leadership and transformation. And I would almost suggest we have 10 minutes, I would almost suggest that we focus on education because I know, Margaret, you've written you've written critically about education. So again, as usual Antoinette, do you want to kick us off here?

ANTOINETTE
Well, I mean, I'm very glad that you were always very outspoken about the flaws of academia, and probably also, even more so for business schools, and you have been trying to reform it for the last 30 years. But I would like to start with a more general question. What do you believe at present are the biggest obstacles that academia is really contributing more to what companies and society really need to learn and to get further?

MARGIT
To say it very short rankings, I think rankings academic rankings is the thing which contradict fundamentally to the idea of scholarly work. To say it very simple because ranking reduce scientific work to counting and academic work, should be on arguing. So that's quite the contrary and to be more in detail ranking, so they the effect of rankings is that people are more extrinsically motivated because they look at the ranking position, and they look less on the contents and I think that's a big, big, big failure of our academic system today. Yeah.

OTTI
I wanted to get connected with you, remember our conversation about health care management with Henry. And, Margit, I'm wondering, is there not a wider issue with I think, it's called New Public Management, right. So, this notion that public institutions, I get this, right, I don't know what public management, that institutions, which include universities, but also, for example, healthcare provided, providers have to be managed based on efficiency metrics, and even profit metrics. It's another wider connotation that certain things should not be run like a business, because that's really not what their value creation is about.

MARGIT
So that's a bit in between, of course, also, hospitals must be managed in an efficient way. And accounting is efficient is necessary also for hospitals, but hospitals, public hospitals, or not all hospitals

could be managed in a way like profit oriented companies, that's for sure. You can compare, for example, University Hospital, on the one hand, and private hospitals on the other hand, which means that in the private hospitals, they don't take the really severe cases, because they don't bring too much money. And so the division between private hospitals on the one hand for the people who can afford private room with within a five star hotel service is quite okay. And these hospitals, they should make profits. But on the other hand, a university hospital cannot be run like a company, that's for sure. But they should have an accounting department, which tells them that efficiencies sometimes could be improved.

OTTI
Yeah I think Henry came up with the necessity for efficiency, but I think he summarized it as care over cure. So that the necessity and then I think community over controls so that those were his stances?

MARGIT
Yes, I would agree. I would agree fully.

OTTI
But what about the business school? What is that not the same. And I recall, being in London Business School Alumni recall that in 2007, or so the slogan of London Business School was to become the preeminent business school in the world, right? So that the notion of what we just want to be the best whatever, and it changed over the years to something, changing the way the world does business, so much more focused on the quality of business in organizations. But I think there is a trend in business goods in general to be money earning over necessarily being good in an ethical sense.

MARGIT
It's interesting that, for example, the Harvard Business School, of course, is they make profits, but they can afford a lot of scholars. Because they have such a high reputation, and they are funded to such a high degree, the same is true for Oxford,

ANTOINETTE
They're not in the rankings. So in the end, maybe you're you are right in your analysis, they have taken themselves out and say we have our own standards, and we still try to think as well, but I want to drill down more, is it really only the ranking because I mean, it now went to other possible drivers as well. But I mean, I'm hearing you said research is not relevant any longer. So we don't produce anything which is of knowledge or producing wisdom for prognosis. I think we have very few academics who are like intellectuals like you are, really j'accuse, that's also something I don't see very often. And there's also very few transdisciplinary research. So, you have is this only ranking or do we need to even look for further reasons and then also of course solutions to make academia better for the common good again,

MARGIT
rankings are connected with status, rankings create status and status kills argumentation. So another issue, which is linked to status question is that in most countries with the exception of Switzerland we

have too much so called academics, you know that in in Germany, you have more students at universities and then in an apprenticeship, Switzerland, fortunately, is, is different, we have only 35% of an age cohort going on University and applied university. And the rest is doing an apprenticeship. And I think this is this is because apprenticeship and doing a job like this has a high status in Switzerland, but it doesn't have a high status, for example, in France or, Spain or in Italy. Why because they don't have this system of apprenticeship, which gives you a high relative high prestige without being an academic. And I think most universities today suffer from that everybody wants to have an academic degree, which is not real an academic degree, and they don't need to have an academic degree. So you and I, we know that there are sitting, a lot of boys and girls sitting in the floor, we're not really interested in in scholarship. And that that's, that's an indirect consequence of the rankings, because rankings give status and status. Yeah, that's my argumentation. And it's connected. Of course, we service a Bologna process, which also presses you to count points.

ANTOINETTE
So we look for the wrong places, we should look for our applied universities, we should look for the professional bodies who work with this apprenticeship, because there we really also have actionable knowledge, and it's embedded into practice. That's what I'm hearing here.

MARGIT
Excactly. I've fought, I'm in the University Council. And they recently introduced an academic bachelor for Midwives. The midwives now will sit in an office on a white desk. And in this case we are missing these midwives with a good practical education. So this is a crazy system, which is forced on us by this Bologna ida.

ANTOINETTE
Yeah, that was very interesting, and would lead us into another Aristotelan discussion, but because time is running out, I think Otti is going to do a lightning round with you if I'm correct.

OTTI
But firstly, Margaret, it was it was a sublime pleasure. Thanks for making time for us. And as anticipated, and as hoped for such a great wide ranging conversation, it was very, very enjoyable. Thank you. And as always, we want to close out in psychology and in coaching, we say there always has to be closure. So our closure is a quick one minute quiz. We will just throw a few things at you for a short action, whatever comes to your mind. And I want to add one, which, we wanted to ask Henry but forgot, and I think you're the perfect person to answer. So CEO multiples. I think Paul Adler. In his book, the 99% economy suggests that in the 1990s, the average multiple CEO pay for the top 100 organizations in America was around 400 times in the last 10 years, it was about 1000 times. In Mondragon, I think the limit is 10 times for any role. And antoinette was suggesting that maybe CEOs should be paid even less than a one time multiple because they're having most fun. This research tells us what is the ideal CEO pay multiple from your perspective.

MARGIT

I would look at a procedural away and that means, for example, if CEOs are selected by lot is quite sure that multiple would be probably not greater than 10 to 20 because this would say hierarchy would be changed completely was such a system. You can't

OTTI
get to 20 until it, we certainly got to quote you on this one Margit

MARGIT
Absolutely no, I think that is very clear procedural fairness.

OTTI
To learn more about the good life, I would prefer to meet the top, flying a rocket with Elon Musk towards mars or spend a year traveling or anything else.

MARGIT
Nothing. None of the above nothing.

OTTI
society's needs good leaders, good rules, and I will add procedures based on what you said are good citizens

MARGIT
good procedures. That's quite sure.

OTTI
The procedures and rules very interesting. Yes. We got some philosophers on the list. Immanuel Kant, John Rawls, or John Stuart Mill,

MARGIT
of course Kant

OTTI
lottoery or meritocracy.

MARGIT
Yeah, of course, lottery.

OTTI
You have to go with lottery and this one. I won't ask about, actually I will the European and Asian or a US model.

MARGIT

I prefer to live in Europe,

OTTI
Europe. And then that leads me to my next question. Switzerland or Germany, ¨

MARGIT
Switzerland,

OTTI
Switzerland. We will bring this back to our German colleagues. And finally, if I had a magic wand, and I could do one thing to change the world, what would you do?

MARGIT
So I have I have realized that question that's written following. In former times, although liberal economists, conservative, he told us competition is the most ingenious instrument for disempowerment. Today, I would say as in ancient Athens, lotteries are the most genius instruments for disempowerment.

OTTI
Wonderful. Nothing better. Nothing remains until that final words to you.

ANTOINETTE
I'm just happy. It was very, very interesting as I thought it would be. Thank you very much!

MARGIT
It was a great fun for me, thank you for giving me the opportunity to think about what is important in my life. That's a great occasion. Wonderful.

OTTI
we close. Thank you very much. Thanks, also to the listeners, and speak to you again soon. Thank you very much.