Laszlo Zsolnai

Business Ethics Center

Corvinus University of Budapest

and

Madhumita Chatterji

IFIM Business School,

Bangalore

Lessons for the Future for India and Europe

In this concluding chapter we summarize the most important messages from this book, with a view to stimulating further dialogue and fruitful exchanges between Europe and India on the theory and practice of ethics, leadership and sustainable development.

Peter Pruzan, an eminent scholar who has taught in Europe and India for decades, emphasizes that Western approaches to ethics are very different from Eastern approaches. In the Western approaches, individuals can and should evaluate their own behavior and that of others with respect to understanding the possible positive or negative effects it may have on other sentient beings and on nature. The Eastern approaches provide "an alternative perspective with greater focus on what it means to be human than on either the motivations for our actions or the consequences. There is an emphasis on

our inherent capacity for self-reflective choice and our propensity as human beings to behave ethically and not on rational reflection or on tradition-based norms." (Pruzan 2015: 268)

The unavoidable differences and also complementarity of the European, Judeo-Christian and the Indian, Hindu-Buddhist approaches to ethics and leadership are one of the main themes of this book.

The distinction between transactional and transformative leadership is well-known in the management literature. The aim of *transactional leadership* is to motivate and direct people through employing rewards and punishment. In contrast, *transformational leadership* has a focus on transforming people by creating a new vision and a shared set of values in an organization.

Luk Bouckaert suggests that we can understand the different types of leadership by using a two-dimensional grid structure. The vertical axis represents the tension between the market-driven and the spirit-centered idea of leadership, while the horizontal axis represents the tension between the 'aristocratic' and the 'democratic' vision of leadership. Each quadrant thus refers to a specific type of leadership. Using this model we can identify market leadership (a combination of aristocracy and market, in which leaders strive to create shareholder value), CSR leadership (a combination of democracy and the market, whereby leaders aim to create stakeholder value), aristocratic leadership (a combination of aristocracy and spirit, where leaders lead through inspiring from the top) and spiritual-based leadership (a combination of democracy and spirit, where leaders are engaged in the process of the co-creation of meaning).

Real-world leaders often display a mix of these ideal types of leadership, but there is always one dominant mode. A key assumption of spiritual-based leadership is that every person has the potential to lead and to follow. Co-creativity and co-responsibility are the hallmarks of spiritual-based leadership which empowers people and fosters social relations of trust, reciprocity and interconnectedness.

Spiritual-based leadership can be defined as the art of managing a company's spiritual capital, which is the capacity of an organization to think and act as a co-creative and co-responsible community – suggests Bouckaert. In today's competitive markets, instrumental and utilitarian rationality is the dominant perspective, while spirituality is anchored in a non-instrumental, non-utilitarian experience of life. For this reason, India is a challenging case. On the one hand, the Indian economy is one of the fastest growing economies in the world, although India is also characterized by the growing gap between rich and poor. On the other hand, India has a rich variety of spiritual traditions and a natural interest in religion. The challenge – Bouckaert warns – is to create a generation of managers that are able to combine rational management capabilities with the human quest for meaning.

Laszlo Zsolnai observes that responsible leadership is today a scarce resource. Trust in leaders across the world is dramatically decreasing as they are not seen to be serving the common good. Mainstream leadership models of business should be renewed to reestablish the trust of the public and to ensure that business succeeds in tandem with its stakeholders.

The most comprehensive theory of moral responsibility in the West was offered by the German-American philosopher Hans Jonas (1984). For Jonas, the imperative of responsibility can be summed up as this: "Act so that the effects of your action are compatible with the permanence of genuine human life" Or, expressed in a negative format: "Act so that the effects of your action are not destructive of the future possibility of such life" (Jonas 1984: 11.).

Using Jonas' theory, Zsolnai suggests that responsible leadership should be described as defining directions for actions and policies which help to achieve the goals of the organization, while also contributing to the restoration of nature, enhancing the freedom of future generations and developing the well-being of society.

The conventional notion of economic rationality conflicts with that of responsible leadership. But responsible leadership is in fact consistent with the conception of reason as it is advocated by Indian-American economist Amartya Sen. Reason is the discipline of subjecting one's choice — of action as well as objectives, values and priorities — to reasoned scrutiny (Sen 2002). According to this perspective, responsibility and reason can support one another in good leadership practices.

While Aristotle is considered the father of economics in the West, *Kautilya* (350-275 BC) can be considered the father of economics in India. Sharda Nandram and Ankur Joshi argue that Kautilya's teaching contributes to management theory about stewardship with an ethics of care by stressing the importance of offering motivational support to the follower, and promoting the concept of self-regulation for the leader. An ethics of care implies integrating into our strategic thinking and behaviors the principle of connectivity,

along with a focus on promoting welfare, ethical behavior, a paternalistic attitude, responsibility, dedication and control of the senses, and the desire to transcend differences in order to achieve unity or oneness.

V. Adinarayanan, V. Smrithi Rekha and and D. G. Sooryanarayan offer a multidimensional view of leadership from an Indian perspective. They refer to the Purusharthas, which have been a roadmap for life in India since ancient times. The elements of the Purusharthas are Dharma, Artha, Kama and Moksha. Dharma refers to duty, responsibility, ethics, and law. Artha means wealth, profit and material wellbeing. Kama means desire, ambition and pleasure, while Moksha designates freedom from all limitations. According to the ancient Indian system, Moksha was considered to be the highest form of human aspiration. In order to be free from suffering, one should have the right desires and perform the right action (as described by the concept of Dharma). While Moksha provides a vision for life, Dharma is a guideline for thoughts and actions.

Moksha and Dharma are important principles for leadership. The desire (Kama) to attain wealth and material wellbeing (Artha) is best pursued through the framework of Dharma and Moksha. A proper balance among Purusharthas is required for successful and ethical leadership. Ethical leadership does not just involve adhering to moral values but also to developing a sense of inclusivity towards society and the environment. While Dharma brings 'objectivity' to leadership, Moksha brings in the missing subjective components such as happiness, contentment, agreeableness and inclusivity, which are vital to ethical leadership.

In practical organizational settings, the way to take this forward may be realized through the iterative process of Sravana (listening), Manana (contemplation) and Nidhidhyasana (integration and practice). Sravana can be fostered by education and training through which an individual is systematically exposed to the literature which expounds the relevant Indian principles. Manana occurs when leaders think, discuss with peers and superiors, and refine their understanding of the principles. Nidhidhyasana is the application of the principles in real-life settings, and their fine-tuning based on experiences.

Asi Vasudeva Reddy and AVS Kamesh argue for the integration of servant leadership and ethical leadership. They believe that models of servant leadership and ethical leadership can be blended in the organizational context by combining the concept of serving with the moral training of leaders in identifying and promoting the common good.

The servant-leader style of leadership create opportunities for followers to grow. Compared to other leadership styles – in which the ultimate goal is the well-being of the organization – a servant leader is genuinely concerned with serving others. As Greenleaf says "It begins with the natural feeling that one wants to serve, to serve first. Then conscious choice brings one to aspire to lead. (...) The best test, and most difficult to administer is this: Do those served grow as persons? Do they, while being served, become healthier, wiser, freer, more autonomous, and more likely themselves to become servants? And, what is the effect on the least privileged in society? Will they benefit, or at least not further be harmed?" (Greenleaf 1977: 7)

Numerous pieces of research in psychology show that servant leadership and ethical leadership may be integrated through behavior. The cultural perspective of ethical leadership focuses on role modeling and the ethical context, whereas servant leadership focuses on power distance and human orientation. These can be synergized through the cultural perspectives of ethical leadership, because unless a leader is strongly determined to be a role model, they cannot display ethically conscientious behavior and demonstrate power distance from followers. Such displays project the openness, agreeableness and fairness of leaders for the purposes of uplifting the morale of followers. Being agreeable is associated with generosity and a greater willingness to help others.

C. Suriyaprakash studied the extent to which the lives of leaders examined through a Spiritual-Based Leadership Research Program (SLRP) reflect the principles and teachings of the Bhagavad Gita. The Gita's teaching can be categorized into three components: (i) Universal oneness of human spirit, (ii) Performing action without attachment to its outcomes, and (iii) Actions governed by one's dharma. Suriyaprakash found that even though the participants of the SLRP may not have been aware of the Bhagavad Gita, and that their spiritual orientation may have been influenced by their respective religions, their spiritual beliefs and practices were aligned with the teachings of the Bhagavad Gita. Moreover, the participants tended to follow the basic tenets of timeless leadership described in the Gita – they sought to explore the ultimate meaning of life and the multidimensionality of human existence, they looked beyond the individual self for the sake of the greater self, they recognized that the real goal of life was life itself and not material pursuit, and in their work they strived to create meaning through a synthesis of reflection and action.

Gabor Kovacs and Andras Ocsai focus on the traditional Indian virtues of mindfulness and non-violence and investigate the relevance of these virtues to today's businesses. They believe that mindfulness – so popular in corporate circles in the West – is not enough for addressing the ecological and social problems generated by business. To tackle the problems of social well-being and ecological sustainability, the principle of non-violence should be awarded more importance.

Mindfulness appears to be a decisive leadership competency through which leaders can gain poise, courage, enthusiasm and awareness. Leaders now more than ever cultivate a sense of presence so as to be able to apply all of their mind's capabilities to their jobs. They should also lead and coach others to be mindful, and create work environments in which employees and colleagues are nurtured and energized, organizations innovate and flourish and communities are respected and supported. It is widely believed that mindful leadership can boost productivity, flexibility, innovation and job satisfaction in the workplace. However, in mindful leadership models reference to non-harming is largely absent, or is only present through minor demonstrations of caring or compassion.

The most famous practitioner of non-violence is undoubtedly Mahatma Gandhi, who said: "Non-violence is the first article of my faith. It is also the last article of my faith". (Gandhi 1925/1928). Gandhi applied the notion of non-violence to economics. His basic tenets were the following: economic self-sufficiency with regard to the basic necessities of life; building the foundation for a more equitable social order through economic activity; ensuring decent working opportunities for people; fighting against the economic exploitation of villages and the misuse of capital, and maintaining wealth within moderate limits by reducing superfluous desire. He rejected industrialism and the

'wrong' use of capital wherein non-economic costs outweigh economic benefits and emphasized the need to satisfy basic human needs (food, housing, clothing, health care and education) at the local village level. Gandhi was not against economic progress, the creation of capital, machinery and the market. He stood up against profit-making enterprises and the allocation of productive resources on the basis of their value as financial capital.

In an age when humanity has the power and the technology to modify the vital processes of the planet through economic activity, adhering to the principle of non-violence is more important than ever. A non-violence of compassion, rooted in Buddhism, should precede mindfulness, as was always the case in the Jain tradition. A shift in focus from mindfulness to non-violence is desirable in business and economics.

Indian spiritual traditions inspired ethical leadership in Europe for many decades. Two important proponents are the German medical doctor and theologian *Albert Schweitzer* (influenced by the Bhagavad Gita and karma yoga) and the British economist *E.F. Schumacher* (influenced by Buddhism and Gandhism).

Albert Schweitzer (1875-1965) wrote "Indian Thought and Its Development" with a focus on both business and political ethics and leadership. Gerrit De Vylder and Hendrik Opdebeeck note that Schweitzer used Krishna's advice from the Bhagavad Gita to re-energize his own Christian traditions, saying: "man should be active not because of the expected results, but solely because of a pure, absolute sense of duty with no empirical foundation" (Schweitzer 1936: 188).

While Christianity simply demands that mankind be obedient to God, Hinduism requires following Him ('Bhakti', or *piety*). An enlightened person should not withdraw from life, including business and political life. Schweitzer's preoccupation was with affirming life. His famous maxim "*Reverence for Life*" has served as a firm foundation for the environmental ethics, bioethics and social ethics that have emerged in Europe, North America and Africa.

E.F. Schumacher (1911-1977) was Chief Economic Advisor to the UK National Coal Board. During the 1950s he visited India, Nepal and Burma and was deeply influenced by Buddhism and Mahatma Gandhi which resulted in the classic book on alternative economics "Small is Beautiful" (Schumacher 1974).

Schumacher argued that economics suffers from "a kind of metaphysical blindness". Consumption is said to be the sole purpose of all economic activity, and labor is simply a means to that end. Schumacher suggested that we let go of our ego and greediness and called for *Buddhist economics*. "Bigness" is the origin of socio-economic decline, regardless of the economic system, and companies need "oxygen to breathe". Consequently, they need to be small, as De Vylder and Opdebeeck conclude.

Katalin Illes uses examples of Hindu and Christian social entrepreneurship to show that although the language, the frame of reference and the religious practices are different, both religions encourage people to follow spiritual principles, to seek a connection with the transcendent and with other people, themselves and the environment. Spirituality requires self-disciple and the courage to reflect on one's action and behavior honestly, to acknowledge mistakes and shortcomings and to aim to continuously improve.

Research in developmental psychology concludes that equal importance must be given to an individual's external and internal development, and suggests that a fully developed individual (someone who has a well-developed capacity to reflect and explore their inner world as well as their external world) will lead a life that is respectfully connected to others and to the universe through wisdom. To satisfy our need to connect requires commitment and self-discipline, the daily practice of meditation, prayer and reflection. Whilst this involves making a personal choice, and primarily rewards the individual, its potential impact on business and the social environment should not be underestimated.

The traditional view is that business has an economic and a legal obligation towards society. However, businesses operating within a fixed legal framework may nonetheless be devoid of moral rectitude. This has given rise to the promotion of ethical obligations, according to which business are expected to conduct activities which go beyond compliance and which are beneficial to society. Madhumita Chatterji, Nitha Palakshappa and Abhishek Narasimha underline the fact that ethically obligated businesses are practicing a form of spirituality, because spiritually motivated business people automatically behave in a benevolent way through arriving at decisions after examining their inner conscience and striving to adhere to economic, legal and ethical standards, showing sensitivity towards society and moving beyond being exclusively concerned with financial capital to valuing human and environmental capital. High purpose, high mission companies serve society at their own behest, but not directly because of short or long term financial gain.

Work stress is a major problem across the world, so alleviating stress is a task of vital importance. Lakshminarasimha suggests that both the Western scientific approach and the Eastern spiritual approach might be useful for this purpose. The Western quantitative approach with its focus on individual and organizational initiatives is readily implementable, but by ignoring the root causes of problems results in short-term benefits. However, this approach can be implemented over the short term. In the long term the more difficult spiritual approach would create more benefits. Integrating a spiritual approach takes time, depending on the inbuilt/acquired tendencies of the individual. While adopting a spiritual perspective may permanently decrease stress, it demands of the individual a great amount of self-observation and critique.

Bottom of the Pyramid (BoP) models promote the development of innovative businesses to serve the largest and socio-economically poorest individuals in the world. Across the world, about four billion people live on less than USD 2.50 per day. The usual BoP models do not transcend the logic of the mainstream, materialistic business paradigm. Arun Raste analyses an alternative model, the Mumbai Dabbawalas, in which spirituality is ingrained as a core value. Spirituality in the dabbawalas goes far beyond the expression or practice of religion. The pursuit of a spiritual dimension not only inspires but creates harmony within the group, the society and the universe at large. Without using academic terminology, we may claim that these poorly educated people are able to forge a relationship between themselves and the infinite. Irrespective of physical hardships and the daily stress associated with life in metropolitan Mumbai, the dabbawalas search for transcendent meaning, often through music or a set of philosophical beliefs. Their bhajans and recitation of the works of Sant Tukaram create an invisible halo of positive vibrations around them.

The glow on their faces comes from complete contentment with life. Though they only wear simple clothes and beads around their necks, they seem to possess all the happiness and riches of the world. For them, workplace spirituality is about the acceptance of one specific belief system. The dabbawalas as a group exemplify the idea that spirituality at work involves the activities and beliefs of practitioners who understand themselves to be spiritual beings, and who have a sense of calling that provides meaning and purpose in their lives. It also involves membership, a sense of belonging and connectedness to one another and a workplace community. The spiritual values that the dabbawalas have are the cornerstones of their business model, and include integrity, service to others and respect for others and the planet.

Norwegian philosopher Arne Naess taught us that ecology should not be concerned with man's place in nature, but with every part of nature on an equal basis because the natural order has an intrinsic value that transcends human ideals. Indeed humans may only attain 'realization of the Self' as components of an entire ecosphere. He urged the green movement to not only protect the planet for the sake of humans, but also for the sake of the planet itself; i.e., to work to promote ecosystem health for its own sake (Naess 1989). Nel Hofstra warns that capitalism, even 'green' capitalism, facilitates consumerism, materialism, anthropocentrism and the abuse of other people and nature. Capitalist values encapsulate individualism at the expense of connectivity with the intrinsic value of Nature.

So-called "high-TEK" (Traditional Ecological Knowledge combined with leading-edge Western knowledge) guides the way to creating circumstances advantageous to life for

all beings. The process of conceiving, developing and launching products that are based on traditional ecological knowledge involves more than participation in a secular business movement. Observing nature as a complete body of knowledge comes first. This has then to be translated into best business practices. The need for regenerative entrepreneurship has become vital. Deep understanding of the sanctity of nature leads to the emergence of morally and spiritually motivated entrepreneurs who base their sustainable strategies on an understanding of the relationship of humans to the Earth. Only by understanding our interconnectedness with the ecological system can we fully realize our humanity (Naess 1989).

In his landmark essay "Bad management theories are destroying good management practices" Indian-British management scholar Sumatra Ghoshal (2005) summarized the basic problems with management education in a compelling way. He wrote, "Combine agency theory with transaction cost economics, add in standard versions of game theory and negotiation analysis, and the picture of the manager that emerges is one that is now very familiar in practice: the ruthlessly hard driving, strictly top-down, command-and-control focused, shareholder-value-obsessed, win-at-any-cost business leader." (Ghoshal 2005: 85)

Manesh L. Shrikant and Jagdish R. Rattanani stress that our current problems stem from the fundamental propositions embedded in the Western ideology of free markets that promote an economy marked by competition and a politics that stresses the rights rather than the duties or responsibilities of individuals. The deeply embedded view that more is good, bigger is better and might is right in a society driven mostly by the materialistic desire to make individual acquisitions and gratify the ego involves a race for more that

will result in less for all. A society marked by extreme self centeredness with little respect for the well being of others or a sense of distributive justice negatively impacts both the haves and the have-nots.

Indian managers can help script a model fitted into the Indian context only when they are schooled to look beyond short-term profit making and loss appraisal to the larger meaning of 'growth', which means to serve, share and build to raise the living standards of the millions who remain thus far untouched by Western-centric conceptions of growth – warn Manesh L. Shrikant and Jagdish R. Rattanani. The quest for this deeper meaning and greater purpose is linked to the lack of Spiritual Quotient (SQ) of managers which can be used to give a broader meaning to the terms profits, growth and success. SQ is the ability to look deep within to see why we do what we do, and helps us to learn to work with our deep inner being to serve goals that go beyond satisficing through making short term transactions. Promoting managers' Spiritual Quotient can help deliver successes on a very different plane. A higher SQ helps create equanimity of mind, greater objectivity in perception, analysis and decision making and helps shape leaders into truly transformational individuals. Managers who have been trained to develop their SQ can handle not only successes but also failures, and can create an agenda for personal growth through their day-today experiences.

Many philosophers and pedagogues believe that literature can open the gates to the spiritual self. Narratives hold up a mirror and confront the reader with an otherness that may question pre-existing, self-evident norms, conceptions and values. Rita Ghesquière argues that literature can be a source of inspiration for true leadership (in addition to scientific analyses of market situations and managerial strategies), because literature

brings with it the often neglected human element. Literature teaches its readers in a very comprehensible way about the self, the emotions and the complexity of the world.

Literature is not a homogenous mass but a colorful field of texts that can serve in different contexts – notes Ghesquière. The clear-cut lesson of the fable recapitulates natural wisdom in a nutshell, while the novel guides us through the labyrinth of hidden forces, conflicting interests or contexts and ambivalent feelings. Reading about other people's lives helps us to better understand why they act and react as they do. The reader reconstructs the inner journey of the characters and learns from their flaws and mistakes. Finally, the autobiography compels the reader to look in the mirror and to reflect upon their own life. The claim to truth of the autobiography makes this demand compulsory, especially if a memoir confronts the reader with desperate situations that test the human capacity to endure.

The great Indian sage Swami Vivekananda once said to his chosen disciple Nivedita: "Meditate on death. Only by the worship of The Terrible can The Terrible itself be overcome…There could be bliss in torture too… The heart must be a cremation ground – pride, selfishness, desire, all burnt to ashes. Then and then alone, will the Mother come!" (Rolland 2010: 117). Reflecting on this story, Sanjoy Mukharjee asks: Business leaders of tomorrow, when shall we learn from the death and destruction of the old order so that creative breakthroughs in our leadership roles may occur that shake the very foundation of our outdated models and worn out concepts, our tunnel vision and fossilized values? How can we keep alive and aflame just one precious element within our hearts – the passion to transform and infuse a new lease of life into our organizations and the planet at large?

Comparing Western and Eastern approaches to ethics and leadership, Peter Pruzan (2016) concludes that the Indian/Vedantic perspective does not refer to an external source, to a philosophical first principle, or to a social constructivist perspective whereby historical, social and economic forces determine what we find to be good or bad, right or wrong. Instead "it has its roots primarily in existential ontological perspectives on the very nature of reality whereby ethical competence is and always has been embodied in all sentient beings; we are all physical manifestations and agents of a divine source." (Pruzan 2016: 270)

We do hope that this book has gone some way to convincing the reader that spirituality is not incompatible with rationality or real-world economic, social and environmental analysis. Ethical leaders can employ the best available scientific knowledge to execute their own spiritual-based plans and policies. India and Europe should embrace their own noble traditions and seek to cross-fertilize one another to foster a state of sustainability, peace and well-being. The key is to overcome the pre-existing dominantly materialistic value orientation of society and the ego-centeredness of individuals and thereby come closer to a state of transcendence and oneness. Gandhi and Albert Schweitzer have shown the way.

References

Gandhi, M.K. 1925-1928. *An Autobiography. The Story of My Experiments with Truth*. 1993. Boston, Beacon Press.

Ghoshal, S. 2005. "Bad Management Theories are Destroying Good Management Practices" *Academy of Management Learning & Education*, 4(1), pp. 75-81.

Greenleaf, R. K. 1977. *Servant Leadership: A Journey into the Nature of Legitimate Power and Greatness.* New York. Paulist Press.

Jonas, H. 1984. *The Imperative of Responsibility: In Search of an Ethics for the Technological Age*. Chicago and London, The University of Chicago Press.

Naess, A. 1989. *Ecology, Community and Lifestyle. Outline of an Ecosophy*. Cambridge, Cambridge University Press.

Pruzan, P. 2016. *Research Methodology: The Aims, Practices and Ethics of Science*. Springer.

Rolland, R. 2010. *The Life of Vivekananda and the Universal Gospel*, Kolkata, Advaita Ashrama.

Schumacher, E.E. 1974. *Small is Beautiful. Economics as if People Mattered.* London, Vintage.

Schweitzer, A. 1936. *Indian Thought and Its Development*. 1960. Boston, The Beacon Press.

Sen, A. 2002. *Rationality and Freedom*. Cambridge, Mass, Harvard University Press.