

Luk Bouckaert
and
Laszlo Zsolnai

Spirituality and Business

The *Handbook of Business and Spirituality* is a response to three developments that simultaneously challenge the “business as usual” mindset.

First, there is a growing interest from the academic as well as from the entrepreneurial sides in “spirituality” as it is applied today in models of transformational leadership, in theories of social capital and in practices of values-driven management. What is the nature and origin of this interest? What are its main underlying theories and leading practices? Does it lead to a new discipline? One of the aims of our Handbook is to explore the *emerging field of Business Spirituality*: its main concepts, models and practices.

Second, there is a growing awareness that the world is unsustainable without a strong commitment to frugality and self-restriction in managing the global goods. Material resources such as clean air and water -- as well as nonmaterial resources such as trust, compassion and peace -- are fragile. Managing our vital, material resources will not succeed without a good management of the spiritual resources of humankind. The transition from a market-driven capitalist economy towards a values-driven post-capitalist economy is linked to a new interest in spirituality as the art of managing the nonmaterial resources of humankind. Therefore, the Handbook aims to elucidate some of the conditions for a *transformation towards a post-capitalist, values-driven global economy*.

Third, although the interest in spirit-driven entrepreneurship and governance is increasing, spirituality remains a vague and confusing concept that needs intellectual clarification. There is a risk that without critical reflection, the “spiritual wave” in business practice and global governance will be reduced to an ambiguous discourse manipulating ethical and spiritual motivations for corporate or political purposes. Hence, the third aim of the Handbook is to *clarify the concept of spirituality in the field of business and economics*.

Let us briefly comment on these three challenges and outline the method of our Handbook.

From business ethics to business spirituality¹

Business ethics as an academic discipline and a management practice related to corporate social responsibility (CSR) emerged in the late 1970s and the 1980s. It was a promising movement in the shadow of the globalization process. It started in the United States and followed five to ten years later in all industrialized countries, including those in Europe. Some companies developed their first codes of ethics, mission statements and charters of values at that time. Seminars were held for managers in order to look at ethical dilemmas and analyze ethical case studies. The Body Shop, the well-known cosmetics company, went a step further in the 1990s by launching a major social and ethical audit of its operations. In its famous report “People, Planet and Profits,” Shell applied the notion of sustainable entrepreneurship to a new sort of reporting, which measured and analyzed not only the company’s financial goals and results, but also its ecological and social goals.

Within this context the pioneers of business ethics developed the so-called *stakeholder theory of the firm*. This theory made it possible to introduce the ethical problems of fair distribution of profit, transparency and accountability, as genuine *managerial problems* and not just as problems of social and political regulation. Business ethics introduced the idea of moral self-regulation in business. New management instruments were created, like mission statements, ethical codes, ethical audits, triple bottom line policies, stakeholder management schemes, etc. There was an animated, philosophical debate between the proponents of the stakeholder theory and the defenders of the conventional stockholder theory of the firm. The stakeholder-stockholder controversy or the “Freeman-Friedman twist” was illustrative for this phase of business ethics. It was the flourishing period of business ethics.

The sequel of the business ethics story during the 1990s continued along the path of the Kuhnian scientific cycle. After a period of new ideas, a period of normal science followed.

¹ See Bouckaert L., “From Business Ethics to Business Spirituality: The Socratic Model of Leadership” and Zsolnai L., “Ethics Needs Spirituality”, in Sharda S.Nandram and Margot Esther Borden, *Spirituality and Business. Exploring Possibilities for a New Management Paradigm*, Springer, Heidelberg, 2010, pp. 73-93.

During that period of normal science, researchers tried to solve concrete empirical puzzles. Business ethics centers got funds for research projects with a strong empirical and policy-oriented perspective. The shift from philosophical to empirical research made business ethics attractive to other social scientists, to consultancy firms and to business schools. A *déjà vu* feeling emerged and made business ethics more consumer-friendly and operational. The networks were growing. At the end of the 1990s business ethics was considered a key factor in building good reputations, gaining trust and motivating people. In its Green Paper² (2001), the European Union considered corporate social responsibility (CSR) a new instrument of social regulation. However, the success of business ethics also had a downside. The easy talk of ethics worked at the same time as a dazzling narrative, creating the illusion that good ethics is good business and, just one step further, that good business is good ethics.

After 2000 we were first confronted by a wave of scandals related to the ICT sector (think of the cases of Enron, WorldCom, Parmalat, Ahold, Lernout and Hauspie). In 2008 a second bubble burst and brought us the banking crisis, followed by an economic recession. Although there are some signs of a recovery, trust in business ethics as a system of moral self-regulation fuelling relations of trust and good reputation is no longer self-evident.

In this Handbook, most of the contributors assume that the crucial question is not, “Do we need *more* business ethics?” but rather, “Do we need *another type* of business ethics?” They refer in one way or another to the *crowding out* mechanism in business ethics. “Crowding out” means the mechanism by which the instrumental use of business ethics crowds out genuine moral commitment and substitutes it with rational cost-benefit calculations. For instance by looking at business ethics as an efficient instrument to strengthen the good reputation of a brand, we shift our attention from good ethics to good business. After a time, we create the illusion that good ethics always pays and that good business equates with good ethics. Through the crowding-out effect business ethics loses its intrinsic stance and its potential to criticize opportunistic tendencies within business.

Why focus on spirituality for solving the ethical deficit in business ethics? Because spirituality – as an inner experience of deep interconnectedness with all living beings – opens a space of distance from the pressures of the market and the routines of business as usual.

² Green Paper of the European Commission, *Promoting a European Framework for Corporate Social Responsibility* (July 2001).

This distance is a necessary condition for developing innovative ethical ideas and practices. It restores intrinsic motivation and provides a long time horizon. Unfortunately spirituality is not yet a mainstream concept in academia and the business world. In academia and business, instrumental and utilitarian rationality is still the dominant perspective, whereas spirituality is anchored in a deeper, noninstrumental and nonutilitarian experience of life.

For more than a decade we have been involved in the effort of disclosing spirituality in business and economics. In 2001 we organized an international conference in Szeged, Hungary, which was probably the first European workshop on “Spirituality in Management.” The papers of this workshop were published in the Kluwer Academic Series of Business Ethics³. After this workshop the cooperation among different European centers involved in business ethics resulted in setting up *The European SPES Forum* in 2004 in Leuven, Belgium (SPES, the Latin word for Hope, is also an acronym for “Spirituality in Economics and Society”). The aim of the Forum is to promote spirituality as a public good and as a source of noninstrumental reasoning in business. The European SPES Forum was just one among other new networks in the field of applied spirituality. The point here is to realize that business spirituality is embedded in a broader intercultural and intercontinental development.

The transition to a post-capitalist, values-driven economy

We believe that the case for business spirituality on a micro-level is embedded in a global evolution towards a post-capitalist, values-driven economy. Undoubtedly, this evolution is not yet fully visible, nor is there certainty that it will be completely realized. But as an opportunity for a better and more sustainable world, the idea is already present in the mindset of progressive organizations and leaders, who are aware of the limits of our planetary resources and the conditions of a sustainable world. It will not suffice to replace the existing technology with “green technology” without changing the incessant underlying drive towards “more and bigger.” Green capitalism may be a step in the right direction, but it is not a sufficient one. The transformation of means must be embedded in a transformation of values

³ Zsolnai, L.(ed.), 2004, *Spirituality and Ethics in Management*, Dordrecht, Kluwer .

and preferences. If we build green cars but, at the same time, stimulate the production and consumption of more cars, we will not stop the overexploitation of our planet.

The challenge of sustainability requires both the greening of our technology and the self-restricting of our needs. Therefore we use the term “post-capitalism.” Whereas capitalist economies are ultimately driven by the highest return on financial capital and may support “green capitalism” as a profit opportunity, post-capitalist economies are driven by a complex function of value creation that balances spiritual and material values and respects the human condition of future generations. A post-capitalist economy requires an institutional environment that corrects unregulated market competition and promotes a more frugal and responsible ethic of consumption. Our Handbook, dealing with spiritually inspired economics, illustrates how religions and moral philosophies disclose older forms of noncapitalist economic rationality that can inspire our post-modern striving for a combination of technical progress and meaning. The Handbook also explores a series of socioeconomic problems where the spiritual factor plays an important role. These problems are related to the management of the global, common goods. It is important to define the new areas of common goods such as the use of oceans, rainforests and outer space and the nonmaterial goods such as trust and peace.

Planetary resources are perceived and managed today as competitive goods with an expected high return on investment and not as common goods with a high degree of vulnerability. The lack of appropriate management of those global goods leads to the tragedy of the planetary commons, which is already visible today in the form of climate change and other symptoms of ecological deterioration.

There is an area of common goods that deserves our particular interest: the area of *nonmaterial or spiritual* goods such as silence, trust, respect, beauty, moral values, wisdom, etc. All these goods share the characteristics of common goods. They are not excludable. Silence and trust, for example, are values and practices open to everyone. They are free, not regulated by markets and cannot be enforced by law. But at the same time, they are vulnerable goods. Silence can only be maintained if others share it as a public good. If some persons do not respect it, silence will diminish. Trust is another example of a common good with a high degree of vulnerability. One's trust is dependent on other people's trust and implies a reciprocal commitment to be realized. Hence, as a common good, trust can only exist when it

is carefully managed as a vulnerable and shared good. The ongoing worldwide financial crisis clearly illustrates the importance of trust as a common and vulnerable good that needs more than market regulation.

The authors of the Handbook, analyzing the contrast between a materialistic and a non materialistic drive in economics, define the new values of the post-capitalist economy: frugality, deep ecology, trust, reciprocity, responsibility for future generations, and authenticity. Within this values-driven economy, profit and growth are no longer ultimate aims but elements in a wider set of values. In a similar way cost-benefit calculations are no longer the essence of good management but are part of a broader concept of wisdom in leadership.

The concept of spirituality

We do not believe that spirituality can be captured in one standard definition. Moreover, if we want to keep the notion of spirituality experience-based, we have to accept that spirituality is a rich, intercultural and multilayered concept. Throughout the Handbook the reader will find an impressive list of inspiring and complementary definitions.

Part I of the Handbook is an effort to define the nature of spirituality in relation to religion, rationality, neuroscience, moral agency and other fields that partly overlap with our notion of spirituality. As a guideline we used the working definition of the SPES Forum: *Spirituality is people's multiform search for a deep meaning of life interconnecting them to all living beings and to "God" or "Ultimate Reality."* Most definitions of spirituality share a number of common elements: reconnection to the inner self; a search for universal values that lifts the individual above egocentric strivings; deep empathy with all living beings; and finally, a desire to keep in touch with the source of life (whatever name we give it). In other words, spirituality is a search for inner identity, connectedness and transcendence.

Whereas spirituality was for a long time an exclusive area of interest within the context of religions, today it clearly goes beyond the boundaries of institutional religions. For believers, and nonbelievers as well, spirituality functions

- (1) as a *transconfessional* good and therefore a suitable platform for interreligious dialogue beyond the clash of religions and cultures;
- (2) as a *public and vulnerable* good which requires an appropriate form of public management;
- (3) as a *profane* good that does not remove the spiritual to a separate level but integrates it as a component of political, social, economic and scientific activities;
- (4) as an *experience-based* good that is accessible to each human being reflecting on his or her inner experiences of life;
- (5) as a source of *inspiration* in the human and social quest for meaning.

Our Handbook is an expression of the new development of spirituality as a social experience within and outside the context of institutionalized religions. It is focused on forms of *profane* and *applied* spirituality in the fields of business, economics and social life.

The purpose of the Handbook

There are two different types of handbooks. Some handbooks are encyclopedic in their style and content. They aim at giving a complete overview of a well-established discipline. Other handbooks are more heuristic in their style and content. They aim at exploring new ideas on the frontier of a discipline. Our handbook belongs to the second category. Therefore we invited the authors to write short *essays* on spiritually relevant themes that emerged in their research or business practices. We were surprised to see the enthusiasm and the cooperation we got from all the authors. We are grateful for their effort.

The contributions are ordered in accordance with the following structure: Part I, The Nature of Spirituality; Part II, Spiritually Inspired Economics; Part III, Socioeconomic Problems in Spiritual Perspective; Part IV, Business Spirituality; and Part V, Good Practices and Working Models. Before each part, a general overview is presented which summarizes the main messages of the contributions.

It is our hope that our Handbook can stimulate creative researchers and progressive business leaders to realize the enormous potential of integrating spirituality in business and professional life.