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Caring Management in the New Economy

Socially Responsible
Behaviour through
Spirituality

Edited by
Ora Setter · László Zsolnai

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Palgrave Studies in Sustainable Business
In Association with Future Earth

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Through Spirituality

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Preface

The book presents selected papers from the international conference entitled *New Economy, Old Traditions: Caring Entrepreneurship* held in Tel Aviv on September 4–6, 2017. The conference was jointly organized by The Collier School of Management of Tel Aviv University, the European SPES Institute, Leuven, and the Business Ethics Center of Corvinus University of Budapest.

Practical wisdom from the Jewish and other faith traditions suggests that enterprises with a spiritual value orientation can flourish and serve the interests of business and the wider community better than conventional enterprises that adhere to a narrow financial-bottom-line approach. The papers in this book argue that a *new ethos* of *entrepreneurship* needs to be developed, in which caring for fellow human beings, future generations and nature play an elemental role.

The last public words of Hans Jonas were as follows:

It was once religion which told us that we all are sinners because of original sin. It is now the ecology of the planet which pronounces us all to be sinners because of the excessive exploits of human inventiveness. It was once religion which threatened us with a last judgment at the end of

days. It is now our tortured planet which predicts the arrival of such a day without heavenly intervention. The latest revelation (...) is the outcry of mute things themselves that we must heed by curbing our power over creation, let we perish together on a wasteland of what was creation.

These are rather dramatic words. But in contrast to the rapidly deteriorating Earth–Human system, our book represents the hope that “what was creation” can be repaired and healed through the *genuine care* of creative people and progressive entrepreneurship.

Tel Aviv, Israel
Budapest, Hungary

Ora Setter
László Zsolnai

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Part I

Introduction



Care, and Its Relevance to Today's Economy

Ora Setter and László Zsolnai

Care is a central aspect of human existence. What we care about and who we care for largely determine our way of being. The subjects of care present a frame of reference for our human functioning.

The survival of the fittest and other Darwinian notions have become slogans for the business world which favors competitive, instrumental, and capitalist values. However, in his *Descent of Man*, Darwin (1871: 403–404) wrote the following:

Important as the struggle for existence has been and even still is, yet as far as the highest part of our nature is concerned there are other agencies more important. For the moral qualities are advanced either directly or indirectly much more through the efforts of habit, by our reasoning powers, by instruction, by religion, etc., than through natural selection.

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David Loye (2009) found that *In The Descent of Man*, Darwin writes 95 times about love....

Of moral sensitivity I found he wrote 92 times....Of competition, he wrote 12 times; of cooperation—called mutual aid in Darwin’s time—27 times....For Darwin the prime driver for human evolution—and completion for his theory of evolution....is our capacity for the “moral sense,” i.e. moral sensitivity, an evolutionary inbuilt thrust within us for the development of a sense of right versus wrong.

Care and ethics then are considered by Darwin as higher level imperatives, and more important than fighting and competition.

Care is essential to our life, and caring is an essential part of who we are.

We need care for our survival. Attachment theory (Bowlby 1982) proposes that all individuals are born with an innate desire to seek proximity to others in times of need or distress in order to enhance their survival prospects. Children as well as other mammalian infants are largely unable to feed or protect themselves as their survival is dependent on their ability to maintain proximity to older, wiser, and more capable adults. The ability of an individual to form an emotional and physical “attachment” to another person—by being taken care of—gives them a sense of stability and the security necessary to take risks, branch out, and grow and develop as a personality. This sense of security (or lack thereof) then becomes the basis of their own individual style of attachment which then remains relatively fixed over the lifespan of the individual. Ainsworth et al. (2015) discovered that attachment formation is an “innate” or instinctive form of human behavior.

Caring for others is also essential part of our humanity. Our brain is wired to react empathetically to the pain of others as a means of signaling danger and eliciting help. Functional MRI scans show that if an individual watches someone undergo electric shock, their brain lights up in the same areas as those in the brain of the person in pain (Bufalari et al. 2007). When we have feelings of caring or love for other people, we feel better. Moreover, a growing body of evidence shows that providing care can be beneficial to the caregiver, leading to reduced stress, increased happiness, and an increased sense of social connectedness (Inagaki and Orehek 2017).

1 Care in Organizations, Caring Organizations

Within organizational settings, caring is usually thought of as pertaining either to leadership roles or to team and peer social ties. But from the organizational or management point of view, there are more stakeholders to care about.

The problematic of care appears in management in relation to how to manage the stakeholders of an organization. Stakeholder theory (Freeman et al. 2010) says that businesses and other organizations should consider the interests and claims of stakeholders and manage their activities accordingly. From this perspective, the effective management of stakeholders is a strategic activity that is necessary for the success and the long-term survival of an organization. Ignoring stakeholders is dangerous, not just because it is morally inappropriate, but also because it does not make economic sense.

There are two interrelated problems with the stakeholder approach: (i) the narrow conception of stakeholders and (ii) the fallibility of stakeholders concerning their own well-being (Zsolnai 2018).

Companies usually define their stakeholders in a narrow way. Only owners, managers, employees, creditors, suppliers, and local communities are considered stakeholders. This narrow definition of stakeholders is often a recipe for disaster in terms of organizational functioning.

Mitroff (1998) argues that when stakeholders are defined too narrowly, and/or are not identified correctly, this leads to the solving the wrong problems precisely. When managers confront a problem which is located at the edge of their competence, especially a novel problem, or a case outside the bounds of accepted thinking and practice, they are either stymied to the point of paralysis, or fall back on the only resource they have: reducing a novel or unique situation to a problem that they already know how to solve. "The trouble is that the problems that one knows how to solve may bear little resemblance to the actual problems one needs to solve. As a result, extreme cases and outlier problems and situations pose a real and a serious challenge to the professions and to accepted modes of thinking. In the extreme, they lead to serious errors, catastrophic failures, and major disasters and crises" (Mitroff and Silvers 2009).

Psychology and behavioral economics have revealed that people are rather poor at predicting their own future well-being. They are fallible in understanding what they will like in the future, and how they will feel in future states of affairs.

Based on experimental research, Nobel prize-winning Daniel Kahneman (2011) states that people are myopic in their decisions, lack skill at predicting their future tastes, and can be led to make erroneous choices through their fallible memories and incorrect evaluations of past experiences.

Kahneman suggests differentiating between experienced utility and predicted utility. The experienced utility of an outcome is a measure of the hedonic experience of that outcome. The predicted utility of an outcome is defined as the individual's beliefs about its experienced utility at some future time. Predicted utility is an ex-ante variable, while experienced utility is an ex-post variable in the decision-making process.

According to the rational choice model used in stakeholder theory, decisions are made on the basis of predicted utility. If experienced utility greatly differs from predicted utility, then this may lead to sub-rational, or even irrational choices. The problem of predicted utility raises the question "Do people actually know what they will like?" The answer is a definite "No." The accuracy of people's hedonic predictions is generally quite poor.

Related experimental studies suggest two conclusions: (i) people may have little ability to forecast changes in their hedonic responses to stimuli and (ii) even in situations that permit accurate hedonic predictions, people may tend to make decisions about future consumption without due consideration of possible changes in their tastes (Kahneman 2011).

Since people use their evaluative memories to guide their choices about future outcomes, deceptive retrospective evaluations may lead to erroneous choices. Kahneman identifies two major obstacles to maximizing experienced utility: People lack skill at predicting how their tastes might change, thus it is difficult to describe as rational agents those individuals who are prone to making large errors when predicting what they will want or enjoy in the future. The other obstacle is a tendency of individuals to use the affect associated with particular moments as a proxy for the utility of extended outcomes. Errors in

lessons drawn from experience will inevitably be reflected in deficient choices about the future (Kahneman 2011).

Managing for a narrowly defined set of stakeholders cannot guarantee that the functioning of an organization is ecologically sustainable or beneficial for society more generally, including future generations. Considering the interest of stakeholders solely on the basis of the latter's own calculations may lead to unacceptable outcomes. Business and other organizations should expand their set of stakeholders and go beyond trying to meet goals rationally founded on calculated self-interest.

In his magnum opus, *The Imperative of Responsibility: In Search of an Ethics for the Technological Age*, Hans Jonas (1984) describes the impact of modern technology on the human condition as follows:

1. The nature of human activities has been altered and enlarged due to their magnitude and novelty, and their impact on man's global future.
2. Responsibility is correlated to power, and must be commensurate with the latter's scope and its exercise.
3. To replace the former projections of hope, an imaginative 'heuristics of fear' should be developed to inform us of what may be at stake, and what we must beware of.
4. Ethics are created and underpinned by how man perceives his duties toward himself, his distant posterity, and the plenitude of life under his dominion. (Jonas 1984: x)

Jonas argues that an imperative of responsibility might be framed like this: "Act so that the effects of your action are compatible with the permanence of genuine human life." Or, expressed negatively: "Act so that the effects of your action are not destructive of the future possibility of such life" (Jonas 1984: 11).

Human responsibility is never formal, but it is always substantive. It involves humans being responsible not primarily for their own conduct and its consequences, but for the matter that has made or will make a claim on present action. The well-being, the interests, and the fates of others have, by circumstance or by agreement, come into *our care*, which means that our control over them involves at the same time our obligation toward them (Jonas 1984: 92–93).

The imperative of responsibility implies that nature, human beings, and future generations should be accepted as primary subjects of care in business (Zsolnai 2018). Business actors must develop practices that incorporate genuine interest in and caring for the existence and well-being of these primordial “stakeholders.” The papers presented in this book illustrate some of the different ways (and practical models of how) this may be possible.

2 Issues and Themes

In his paper, “Authentic Human Relations and the Economy,” *Imre Ungvari-Zrinyi* (Babes-Bolyai University, Cluj, Romania) reflects on the ideas of Martin Buber in terms of establishing authentic human, social and environmental relations in today’s economy, which is characterized by pervasive problems such as growing inequality, alienation from the workplace, precarious work, work–life imbalance, consumerism, and environmental decay.

Ungvari-Zrinyi suggests that *Martin Buber’s philosophy of dialogue* is a good starting point for re-conceptualizing current economic and social thought. In Buber’s philosophy, the clear distinction between personal, authentic relationships (“I–Thou”) and objectifying relations (“I–It”) is central. In an I–Thou relation, one person confirms the other as being of unique value and a sense of mutual responsibility is created, whereas people engaged in the objectifying relation of I–It tend to reduce relationships to their use value.

The distinction between authentic and inauthentic human relations is a good basis for the criticism of the idea of “*homo oeconomicus*”—which is an artificial device in economic theorizing whose essence is far from that of a real human being who is faced with complex challenges and takes responsibility for others. Ungvari-Zrinyi shows that Buber’s philosophy of *human encounters* can be used to address the contemporary problems of economy and society, including encounters with people of different faith, different nationalities, and even non-human beings.

Jeremy Rifkin’s idea of the *empathic civilization* appears to be relevant here. Rifkin considers empathy to be the ability of human beings to show

solidarity—not only to each other, but also toward their fellow non-human creatures with whom they share the planet. In agreement with Rifkin, Ungvari-Zrinyi believes that new technologies are allowing people to connect their empathy “to the entire human race in a single biosphere.” People are not just “materialistic, self-interested, utilitarian, pleasure-seeking” creatures, but beings at various stages of consciousness, and theological, ideological, and psychological development. The emergence of an empathic civilization seems to be a consequence of the existential similarity of finite beings, combined with the possibilities engendered by the third industrial revolution. Ungvari-Zrinyi emphasizes that we find this vision in the religious (Chassidic) spirituality of Buber’s philosophy.

In his paper, “Caring for Being and Caring for Other,” *Luk Bouckaert* (Catholic University of Leuven, Belgium) argues that caring can be considered to be an attitude that underlies all human activities. Bouckaert recalls that in his “*Sein und Zeit*” German philosopher Martin Heidegger developed an ontological analysis of *Sorge* (care) as the basic structure of our being-in-the world (*Dasein*). Confronted with the threat of death, human beings are driven by anxiety and worry. Hence, their first act of caring concerns their survival and the meaning of their own threatened existence. But Bouckaert warns that, in sharp contrast with Heidegger’s concept of care, French Jewish philosopher *Emmanuel Levinas* interprets caring as a non-chosen *responsibility* for the other. Bouckaert believes that caring for the other is a more genuine starting point than having concern about one’s own existence.

Bouckaert explores the notion of vulnerability and differentiates between negative and positive forms of it. The Heidegger-Levinas controversy comes to the fore when one addresses the question which and whose vulnerability should be awarded priority. Bouckaert applies caring to the sphere of economics and highlights the contrast between philanthropy and relational economics as two different forms of economic care. He illustrates the implications of the Heidegger-Levinas dilemma with a business case taken from Goethe’s *Faust*. As a successful entrepreneur, Faust is confronted with a choice between entrepreneurial success and caring for the other. In the early nineteenth century, Goethe was optimistic about economic progress, but today, we need a much stronger focus on addressing the vulnerability of our planet and of people.

Bouckaert suggests that our notion of progress must *not* be primarily embedded in a notion of mastering the world. We need a type of caring entrepreneurship inspired by a deep understanding of our human condition and the vulnerability of our planet. This can be supported by concrete practices of relational economics, servant leadership, and sustainability. To avoid escapism, future managers need to have concrete confrontations with the most vulnerable forms of life upon our planet which deserve a better future.

In his paper, “Getting to the Heart of Compassion in Philosophy and Economic Life,” *Kevin T. Jackson* (Solvay Brussels School of Economics and Management, Brussels, Belgium and Fordham University, New York, USA) links philosophical reflection with business-and-society considerations concerning a *culture of compassion* for economic life. He explores the concept of compassion, revealing it as a primordial feature of the human condition. Jackson highlights several of the tensions that attend alternative interpretations of the concept of compassion that appear throughout ancient, medieval, modern, and postmodern treatments in the Western philosophical tradition. He then proceeds to extend some of these interpretative perspectives about compassion into contemporary economic life, focusing on models of hybrid social enterprise.

Jackson uses the examples of Yunus’ social enterprise and Porter and Kramer’s shared value model as illustrations, but many other socially engaged business models and initiatives within the “conscious capitalism” movement may be classified in the same category (benefit-corporations, certified B-corps, economy of communion, cross-compensation, and market-connection frameworks). Jackson emphasizes that supporting both Yunus’ social enterprising and Porter and Kramer’s shared value model is the notion that the logic of gift and the logic of exchange exist in a state of tension that involves *counterbalancing opposing elements* such as the promptings of love with the restraints of justice. In facing that challenge, Jackson believes, compassion can constitute a motivation and inspiration for pro-social entrepreneurial business solutions in our deeply divided and profoundly needy world.

In his paper, “Consciousness Approach to Management and Economics,” *Garry Jacobs* (World Academy of Art and Science and The

Mother's Service Society, India) recalls the importance of *consciousness* in business and management. He refers to Steve Jobs of Apple as an embodiment of the spiritual principle that one person can change the world. This case also illustrates the spiritual power behind the aspiration of the human spirit for freedom, empowerment and mastery, rather than passive submission to the machinery of technology and mechanisms of social organization. Jobs perceived the powerful stirrings of a deep evolutionary social movement, and Apple delivered creative, new products to meet this. Apple's collective accomplishments, like those of Leonardo da Vinci and the Italian Renaissance, exemplify the virtually infinite potential for innovation and creativity.

Jacobs emphasizes the *value of values*. Values determine the ultimate level of accomplishment. Values are an expression of what we regard as valuable. The power of values depend on the intensity and sincerity with which we value them. Values embrace all aspects of life and encompass the subjective as well as the objective dimension. But, aside from their specific individual relevance, they always reflect on and refer back to a whole that is greater than the sum of its parts, for the implementation of any value necessarily requires the implementation of many others. The perfect manifestation of any value requires a perfect manifestation of the whole, which is one.

Jacobs states that a *spiritual view of life and management* involves regarding responsibility and relationships as inseparably interdependent factors—for the latter is based on the premise that the outer objective conditions in which we live and act and the inner subjective conditions that constitute our personal consciousness are intimately related. The outer world influences and in most circumstances shapes, defines, directs, and limits our consciousness. The essence of spirituality is to discover that reality within ourselves that is not determined by the external social and physical conditions around us, but is free and untouched by its pressures and compulsions. It also tells us that, once free, we discover that we have the capacity to alter the conditions around us not only through the action which we initiate, but also, and much more powerfully, by acting on and altering our own consciousness. When we do that, we discover the deeper truth that the inner always determines the outer; our inner consciousness always determines

our response to the conditions of external work to us. In this way, consciousness means the power to change things our life, including management and business.

In his paper, “New Metrics for a New Economy: The B2T by 2020 Project,” *Yehuda Kahane* (Tel Aviv University) states that there is an urgent need for a paradigm shift toward a new multi-dimensional, multi-objective economy that serves a diversity of values alongside economic goals. In such an economy, “doing good” (socially, environmentally and ethically) will support rather than stand in contradiction to “doing well” (economically). The level of environmental and social threats is developing at an exponential rate and the need for drastic transformation is pressing.

Kahane warns that any system is guided by the metrics it uses. Metrics do not merely serve as tools for measuring results. They actually act as a compass or dash-board, leading us on our way. Using inappropriate metrics leads us in the wrong direction. At present, we serve the economy, rather than having the economy serve our values. In recent years, there have been many attempts to create an updated multi-dimensional dashboard. The OECD countries, for example, have developed what they call “Well-being Indicators.” The Kingdom of Bhutan has created a “Gross National Happiness” index, and the UN the Millennium Sustainable Goals. In addition, many corporations around the world have helped to develop and use the rules of the Global Reporting Initiative (GRI) for measuring their non-economic impacts, in addition to publishing regular financial statements based on traditional accounting metrics.

Kahane emphasizes that such a paradigm shift requires immense investment: trillions of dollars per annum in impact investment. The only potential source of long-term financing is retirement programs. These can be either public sector (governmental budgets, and especially social security programs), or the pension plans, retirement and saving programs, and long-term life insurance products of the private sector. The financial institutions in the private sector currently manage for their customers an immense portfolio of approximately \$80 trillion.

In their paper, “Catholic Social Thought and the Economy of Communion as a Business Model,” *José Luis Fernández* and *Cristina*

Díaz de la Cruz (Universidad Pontificia Comillas, Madrid, Spain) investigate how Catholic Social Teaching can contribute to the creation of fairer and more humane business models. To do this, they give an outline of the main historical moments in the development of Catholic Social Teaching with regard to the economy and business management. They then analyze the proposal of the *Economy of Communion* as a potential framework for companies that wish to implement Catholic Social Teaching in their activities.

The Economy of Communion model suggests that company profits should be distributed in three parts. The first part should be dedicated to the company's growth, development and economic sustainability; the second toward the most needy people in the social environment of the organization (to helping them overcome their situation of poverty); and the third part invested in the education of young people that is premised on creating a new type of economic culture that is at the service of people and of the common good.

The companies that belong to the Economy of Communion movement are for-profit businesses which consider *reciprocity* and *gratuity* an integral part of their businesses. Both reciprocity and gratuity are guided by the logic of the gift which is innate to human relations and should be promoted so businesses become more authentically human and favor the development of people. Fernández and Díaz de la Cruz emphasize that although the business management methods of Economy of Communion companies can be carried out by anyone, regardless of their beliefs or personal motivation, it is difficult to imagine that they will be implemented by those that do not have a genuine spiritual motivation for doing so.

In his paper, "Social Entrepreneurship, Conscience, and the Common Good," *Pavel Chalupnicek* (Catholic University of Leuven, Belgium) observes that while the current body of research on social entrepreneurship contains many insights into the practical functioning of *social businesses* (setting-up, networking, financing, scaling, etc.), surprisingly little attention has been paid to exploring the "social" part of the concept. Questions such as "What is the most pressing social concern that should be addressed?," "How may social business help prevent the undermining of important societal values?," and "How can

we handle conflicts of values resulting from the hybrid nature of social enterprises?” are rarely directly addressed.

Chalupnické argues that a relational understanding of *conscience*, *discernment*, and *common good* can provide basic guidelines for ethical decision-making for social entrepreneurs. He challenges the widespread individualistic vision of an entrepreneur as a natural-born hero who has been called to transform society for others. On the contrary, an entrepreneur can support communication, understanding, and solidarity between social entrepreneurs and the communities they work in. It is these relationships that can make social entrepreneurship truly social and caring.

One important illustrative example of genuine social entrepreneurship is the *Mondragon Corporation*, founded as a co-operative in 1956 by José María Arizmendiarieta, a Catholic priest, in the Basque region in Spain. It is today a network of over 260 companies with more than eighty thousand employees in fields such as finance, industry, education, and retail. Despite its size, its values still retain its original cooperative spirit: it does not define itself simply as “a business,” but as a “business-based socio-economic initiative” which values—among other things—democratic organization, the subordination of capital to labor, participatory management, and wage solidarity. Mondragon challenges existing management theories by showing that cooperation and solidarity can be the basis of a successful enterprise.

In his paper, “Human Dignity, Love and Servant Leadership,” Tibor Héjj (Proactive Management Consulting, Budapest, Hungary) observes that CEOs and other top managers often think about their employees as “cost factors” to be minimized. This is not a genuinely human approach. Considering other human beings as “human resources” or “human capital” means that they are used only as a means of generating financial value. There is, however, an alternative approach emerging in management theory and practice, according to which all employees are considered and treated as persons and as ends in themselves; i.e. individuals with dignity.

Tibor Héjj shows that a personalistic approach might contradict the principles of short-horizon profit maximization, but still support the long-term economic sustainability of the company—but only in

the case that the latter is not just considered another “managerial tool” aimed at maximizing performance, but is rather deeply rooted in the company’s DNA as part of its ethos. The fundamental principle of such an organization is implemented mutual love. Ideally, all employees and even external stakeholders will share the same value set. Key to sustaining such a culture is the leader. When top managers focus on establishing and maintaining this type of culture, they should follow a “servant–leadership” model. In his paper, Tibor Héjj proves the logic of the above-described approach and what it means in terms of day-to-day management, focusing on the leader–employee relationship.

In his paper, “The Caring Attitude of Christian and Buddhist Entrepreneurs,” *Gabor Kovacs* (Corvinus University of Budapest, Hungary) analyzes the way a spiritual value-orientation influences entrepreneurs to develop a caring attitude in business. Kovacs presents the results of his explorative study about Christian and Buddhist entrepreneurs working in Hungary. Christian and Buddhist entrepreneurs have different ontological beliefs. Christianity is an anthropocentric tradition, while Buddhism emphasizes the intrinsic value of all sentient beings (human and non-human). Nevertheless, caring for others is of major relevance in both spiritual traditions. It is expressed as solidarity in the practice of Christian entrepreneurs, and as compassion in the practice of Buddhist ones.

Kovács finds that caring appears in different but intertwined fields of business, and is realized through the *similar business practices* of Christian and Buddhist entrepreneurs. The observable shared features are as follows: (i) Such entrepreneurs take into account the interests of their employees to a great extent; (ii) They treat their stakeholders equally, as they award the same importance to suppliers and all other partners in business as they do their customers; (iii) They pay attention to preserving culture and the natural environment; (iv) They have a long-term orientation, and aim to achieve a state of long-term sustainability; and (v) They define the goals of business more broadly than profit maximization.

Kovacs concludes that the main goal of spiritual-based entrepreneurship is not the cultivation of material wealth, but rather the realization of *human development*, in which caring for others plays a major role.

In his paper, “Caring Entrepreneurship and Ecological Conscience—The Case of Patagonia Inc.,” *Knut Ims* (NHH Norwegian School of Economics, Bergen, Norway) argues that entrepreneurship is critical for increasing the capacity for innovation and responsiveness of business. However, not all entrepreneurial activities are geared to solving the real and most serious problems facing society. One of the biggest challenges today—Ims warns—is *climate change*, which is the major problem for Earth and, in particular, for future generations.

Ims asks what characterizes the development of the character of entrepreneurs who genuinely care about nature as a primordial stakeholder. He presents the case of *Yvon Chouinard*, founder of *Patagonia*, a clothing company which has succeeded in creating innovative solutions and has implemented a number of pro-social and pro-environmental activities that inspire other business leaders and organizations to create more sustainable practices.

Ims gives an account of the background of Chouinard’s ecological consciousness that makes him and his business a role model for other companies. The paper also reflects upon what would be a fitting education for business leaders at a time when management theories and the field of economics are dominated by abstract conceptions according to which narrow self-interests and a mechanical worldview reduce nature to sets of resources.

In her paper, “Spirituality and Caring in Organizations: The Covenant Metaphor,” *Ora Setter* (Tel Aviv University, Tel Aviv, Israel) underlines the fact that *metaphors* determine the way we perceive and understand our world. There are a wide variety of metaphors for organizations, many of which depict rationality, but only a few of which express their spiritual and human side.

Setter discusses three metaphors by which the mutual entitlements and obligations of employees and organizations can be understood. The first is the transactional, *market-based* “balance sheet” metaphor which is used in exchange and equity theories, where accountant-style “quid pro quo” exchanges are pertinent. The second is the *legal-like* “contract” metaphor where agreements, promises and tacit expectations about exchanges and the rules of exchange are prevalent. Finally, the spiritual metaphor of the “*covenant*” in the Jewish tradition is presented, by

which obligations and entitlements are not dependent on other parties' fulfilling their role, and where "horizontal" relations between employees and management are complemented by "vertical" obligations to a higher cause.

Setter refers to empirical studies to show that the covenant elements are pertinent in the mutual obligations of members of business firms. Some new findings are presented in the paper that validate the idea that the employee–organization relation is partially covenantal. The paper concludes that the covenant metaphor can be fruitfully used to describe and explain care and spirituality in organizational settings.

In his paper, "Creative Spirit in Management Education: Insights from Rabindranath Tagore," *Sanjoy Mukherjee* (Indian Institute of Management, Shillong, India) argues that in the wake of pervasive globalization and the triumph of capitalism and consumerism, *mainstream management education* has responded by churning out "products" equipped to combat aggressive competition due to demand from market forces. Business schools have become like the assembly lines of a manufacturing behemoth, where an emphasis on quantity has overshadowed the quest for quality and human excellence.

Mukherjee believes that excessive predominance of analytical, logical, and quantitatively oriented left-brain activity has led to the numbing of creative, intuitive, and holistic right-brain development. *Creativity and joy* in the learning experience have been sacrificed on the altar of this fossilized system just to ensure the "rigor" of pedagogical methods and processes. The victims of this mechanized and often mindless acquisition of information and utilitarian knowledge are not only students but also faculty, who are hard-pressed to manage the academic workload in the rush for promotion and tenure.

Mukherjee raises the voice of the "Other" to offer alternative sources and methods of learning in the light of valuable insights from the life and work of *Rabindranath Tagore*, the Nobel Laureate poet from India who was not only a literary genius but also a musician, philosopher, artist, and a pioneer in experimenting with alternative education. He outlines the salient learning points from Tagore to enrich the presently ossified education system and bring in fresh air and new light that promotes the all-round *humanistic development* of individuals and the creation of a joyful

and creative learning environment. Learning from Nature, immersion in silence, and the integration of input from the Humanities into mainstream management education are of extreme importance.

In his paper, “Spirituality, Caring Organizations and Corporate Effectiveness—Are Business Schools Developing such a Path toward a Better Future?” *Henri-Claude de Bettignies* (INSEAD, Fontainebleau, France, China-Europe International Business School, Shanghai, China, and Stanford University, USA) states that if “spirituality” could induce entrepreneurs and leaders to build “caring organizations” that are also effective, then hope may be around the corner. But can spirituality—conspicuously absent from the core curricula of present-day management education—be taught and “developed”? If so, could business schools then begin to contribute to the building of spiritual capital and develop effective “caring” organizations? Challenging questions, but highly relevant now, particularly if business schools really desire to walk their talk: to be a “force for good.”

Creating the path toward the future for the good of society—de Bettignies believes—will involve going through a tough process of *questioning current management fashions and practices*; it will require revisiting some of the “postulates” in which common management practices are rooted; it will demand intellectual curiosity that broadens the scope of our teaching in order to develop truly globally responsible leaders.

Learning from the benefits of the powerful medicine of spiritual practice—which has made clear the link between spiritual life and health—business schools and business leaders should together explore how to call on *spirituality* for the benefit of leaders, of entrepreneurs, of corporations and of society. As violence in the street becomes a common way of expressing dissent, we must hope that business schools will not become the scapegoats of a society that increasingly attributes the ever more dangerous situation of our planet to their teachings.

* * *

Hans Jonas (1984) has forcefully argued that responsibility-based caring does not presuppose any right or reciprocity. Human responsibility basically involves the non-reciprocal duty to guarding beings. Responsibility

implies “that of an ought - first of an ought-to-be of something, then of an ought-to-do of someone in response to the first.” This is the most evident in the case of a new-born baby “whose mere breathing uncontradictably addresses an ought to the world around,” namely, the need to take care of him or her. Not only does the new-born call us in this way, but also does “the unconditional end-in-itself of everything alive and the still-have-to-come of the faculties for securing this end.”

We care for others not because they have rights that we should respect, or because we expect something in return from them. We care for others because of *our humanity*. However, this does not mean that care is always disinterested. Caring for others in many cases serves our best interest. But the primary motive for caring is not self-interest, but our responsibility for the existence and well-being of others.

The papers in our book represent the hope that true humanity and genuine care are possible, even in the hard world of business and entrepreneurship.

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Part II

Spiritual and Philosophical Foundations



Authentic Human Relations and the Economy

Imre Ungvári Zrínyi

Those who address questions relating to economic and business ethics do so usually in order to present their ideas concerning Good and Evil in life and the economy; i.e. ideas about the prospects for a *good life*. Such moral reasoning involves searching for alternative ways of thinking, acting and living in the world.

The role of philosophy in this endeavour is to address the conditions for the possibility for authentic knowledge and a truly responsible attitude to conceiving human, social and environmental relations. A first step in doing this is stripping away the taken-for-granted character of concepts, values, world-views and self-images (Wesche 2015). One of the most insightful conceptions about the means of differentiating between authentic, personal and inauthentic objectifying relations in human life, with specific applicability to economy and society, was elaborated in Martin Buber's dialogical philosophy, which changes the "perspective of consciousness", substituting the solitary subject with the community of "I" and its "Thou".

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Although the relation-centred perspective opposes modernist “subject-object logic”, “I-Thou logic”, in inaugurating a new style of reasoning and aiming to be intersubjective and non-objectifying, its application to economy and society also needs to be completed by a more comprehensive and historical approach, a completion which could possibly be supplied by the study of “social imaginaries”, a topic raised in Charles Taylor’s seminal work (Taylor 2004) about modernity’s self-understandings.

By social imaginary, I mean something much broader and deeper than the intellectual schemes people may entertain when they think about social reality in a disengaged mode. I am thinking, rather, of the ways people imagine their social existence, how they fit together with others, how things go on between them and their fellows, the expectations that are normally met, and the deeper normative notions and images that underlie these expectations. (Taylor 2004: 23)

Accordingly, social imaginaries incorporate our practical background understanding, our implicit knowledge of what to do in different situations, including “a wider grasp of our whole predicament: how we stand in relation to each other, how we got to where we are, how we relate to other groups, and so on” (Taylor 2004: 25). While Taylor gives a sound account of the mainstream of modern social imaginaries (i.e. the idea of the centrality of the market in society), in the search for alternatives, his analysis should be confronted with alternative views such as the market’s negative imaginary as a “Satanic mill” or destructive mechanism, as Karl Polányi depicted it (Polanyi 2001: 35–44, 75–77).

The structure of this paper is as follows. First, it presents some of the challenges facing contemporary Western societies and highlights their origin in capitalism’s unsound self-interpretation—as found in the most familiar modern social imaginaries. In reaction to the uncontested familiarity of these modern social imaginaries, the paper explores an alternative view of human relations in Buber’s philosophy of dialogue with the resumption of some of his ideas in contemporary theories about the sources and meaning of economic and social cooperation: the theories of Tomáš Sedláček and Jeremy Rifkin.

1 The Human Condition Today

Currently, the world has “two faces” which challenge both our sense of rationality and equitableness. The first challenge is that we have a global, market-based, technically evolved digital civilization which, in its instrumentally rationalized capacities, is ready to go beyond any imagination. The other challenge is that a great proportion of the people now living in the world (mostly in less developed countries) can barely earn a living, and, while many of them work, they have almost no access either to regular employment, nor to minimal social security, nor to most of the goods of a technical civilization.¹ Even in developed countries, we face growing inequality (so-called “piggish capitalism”: the concentration of abundant wealth in the hands of the upper one-percent, or even one-tenth of one percent of society, and the impoverishment of the middle and working classes and weaker population groups) (Ram 2015).²

In today’s flexible economy, the access to a workplace of an increasing number of people who are fit for work is more and more insecure due to the outsourcing of various jobs, but also because workers’ lifelong career expectations and existing jobs are increasingly alienated from each other and “disrupted”. This means that the new work opportunities are short-term oriented, unpredictable and non-standardized; i.e. people often need several part-time jobs to maintain themselves, each of these demanding “scheduling flexibility”, but none of them entitling the employee to social security.³ As a result, we face the en masse appearance of precarious work and its subjects, the *precarariat*, described by Guy Standing as “an emerging class characterized by chronic insecurity, detached from old norms of labour and the working class” (Standing 2014: 1). In the case of regular employees, a decent work–life balance is almost unattainable too, because technology makes workers accessible around the clock, and fears of unemployment are an incentive to working longer hours. The compounded stress from a never-ending workday and perfectionist habits are damaging relationships, health⁴ and overall happiness (Jian Lee 2014). Even taking into account the above-mentioned disadvantages, jobs are also insecure and at risk of being taken over by artificial intelligence (i.e. robots) while workers are permanently threatened by restructuring.

Last but not least, work and life can be both preserved and be elements of fulfilment if—and only if—people maintain healthy social ideals and keep meaningful ends strongly in focus. It is now an old, but unfortunately still not well-learned lesson that consumerism—notwithstanding the fact that, for many people, consuming freely is simply beyond their reach—cannot be life’s overall purpose, if only for practical reasons. As the Worldwatch Institute’s *State of the World* annual report (Prugh 2015: 135) shows, consumerism is at the root of the planet’s current environmental woes, including climate change, biodiversity loss, and natural resource overconsumption. There are simply not enough resources on the planet to extend what is considered the normal level of material consumption in wealthy nations to seven billion people—and the number is continuously growing. Insomuch as we have the wrong perspective about the goals of individuals, we may easily arrive at the wrong conclusion—as a recent study does: we live at the best of times, and the worst of times.⁵ Careful analysis shows that most of our troubles are intimately tied to structural imbalances in society, an overall consequence of the tendency to build up the entire system of social cooperation around the idea of the market and its subsequent relations. For this reason, we should examine modernity and its basic social imaginaries, especially those related to the market, amending it where it is necessary in the light of more radical conceptions that call for a tempering of its effects through conscious human intervention, including the reshaping of our thoughts and lifestyles.

In considering modernity’s basic traits in order to delineate the sources of its social imaginaries, Taylor characterizes it as...

a historically unprecedented amalgam of new practices and institutional forms (science, technology, industrial production, urbanization), of new ways of living (individualism, secularization, instrumental rationality); but also the source of new forms of malaise (alienation, meaninglessness, a sense of impending social dissolution). (Taylor 2004: 1)

His basic hypothesis is that central to Western modernity is a new conception of the moral order of society “(...) that gives birth to certain social forms characterizing Western modernity: the market economy, the public sphere, and the self-governing people, among others” (Taylor 2004: 2).

In the search for the roots of today's imbalances in social life, we can observe the way in which the material mediation of human relations (i.e. the market economy) has gained precedence in modernity's imaginary over every other aspect of life. This basic feature of modern societies' self-image is the result of a shift in worldview that expresses a new model of God's providential rule, in which human life is designed to produce mutual benefit, just like a work of the so-called "invisible hand". From this perspective, the way people's purposes mesh, however divergent they may be, involves them in an exchange of advantages which guarantees the accomplishment of the two main goals of an organized society: security and economic prosperity. Accordingly, the modern interpretation begins to see political society itself through the lens of a quasi-economic metaphor (Taylor 2004: 71).

Conceiving modern society as an economy, "an interlocking set of activities of production, exchange, and consumption, which form a system with its own laws and its own dynamic" (Taylor 2004: 76), people begin to see the most important purpose and agenda of society as economic collaboration and exchange, although the specific social forms peculiar to Western modernity—the market economy, the public sphere, and the self-ruling "people"—presuppose different imaginations of human agency.

The utterly different ways of functioning of various realms of society are a significantly debated issue in philosophy, and were so long before the work of Taylor. Philosophers from Karl Marx to Hannah Arendt have used divergent terms to describe these realms and their demands and impacts on human life. Here, we mean divergent representations of the status of modern people, such as being alike citizens (*citoyen*—political subject) and *bourgeois* (property-owner), or people who live in the realm of necessity, dominated by biological needs, such as *laborers* (a futile but necessary activity), or *workers* (a producer of certain "use value"), in sharp opposition to the realm of freedom where people through *action* and speech distinguish themselves from others but also generate human relationships.

At the beginning of the twentieth century, Martin Buber also reflected on the question from a slightly different angle, which nevertheless inspired the same sort of diagnosis of modern society. His

thoughts are aptly summarized by Ronald Gregor Smith, who shows that authentic human relatedness is endangered by attitudes oriented towards experience, arrangement, and appropriation in the modern world:

The world of objects or things, (...) presupposes a single centre of consciousness, one subject, an *I* which experiences, arranges, and appropriates. This is the characteristic world of modern activity; In it the scientist, the statesman and the economist carry on their particular work; men seek to understand their relation with other men. Indeed, it is true that even when a person, with Bubers expression, a *Thou* is truly confronted it becomes an *It*. (Smith 1937: VII)

The above-mentioned two kinds of attitudes result in “an ineradicably bifocal” orientation to the modern imagination of society. There is, on the one hand, an objectifying (economic) picture of social reality oriented towards certain predictable forms and laws, similar to other processes in nature, but on the other hand, there is also the modern moral order, with its new modes of imagining social agency, through which human agents impose forms on an inert reality (Taylor 2004: 77). Taylor explains the importance (but mostly the damaging effects) of this turn by pointing out that the “bifocal take” has replaced a widespread (teleological) understanding of society as having a “normal” order characterized by a certain equilibrium-in-tension that needs to be maintained. In the case of such a teleological perspective, society tends to maintain itself over time, but can be threatened by certain developments (corruption, excessive interest on the part of citizens in their private wealth and property) “which, taken beyond a certain point, could precipitate a slide toward destruction, civil strife, or the utter loss of the proper form” (Taylor 2004: 78).

Taylor’s sharp analysis cleverly observes and addresses many problematic moments in the establishment and historical transformation of modernity’s social imaginaries, sometimes even through the lens of the early theoreticians. For example, he warns us that Adam Smith also pondered the negative consequences of the extreme division of labor for citizenship and the martial spirit “of the great body of the people”. In spite

of his openness to pointing out various undesirable consequences, his critique has certain limits. With regard to these, as we observe the magnitude of today's damaging transformations in the global market system and their impact on the whole living world (i.e. on nature and peoples' lives), we realize that this state of affairs exceeds not only the modern, but even the postmodern social imaginaries of the proper shape of capitalism; and we may decide that today's society should be reimagined and perhaps, in the long term, redesigned, starting from a more circumspect and critical perspective which goes beyond "capitalist realism"⁶ with regard to the relationship of the market to nature, people and money—as Polányi suggested in *The Great Transformation* (Polanyi 2001: 75–77).

This process of the marketization of society represents the "economizing of the non-economic" (Schimank and Volkmann 2012), and highlights how society was transformed in its entirety as an accessory to endless economic growth for the benefit of few. Excessive marketization has also gradually delegitimized any other goal that dismisses this imaginary, such as considering Western modernity as being based on a new moral order, or any kind of moral order of society.

Should we accept the overall primacy of the market? Or, even if we accept as true what Snyder in *Disruptables* admits—that embracing new "disruptable personhood" (which "meets disruptions in working life head-on and turns them into opportunities for innovation") and also "provides access to new and seductive understandings of the self" (Snyder 2016: 53)—our previous question remains valid: Should we transform ourselves and the next generations into the flexible subjects of overall market relations?

2 Martin Buber's Conception of Authentic Human Relations

Martin Buber's philosophy of dialogue is a possible starting point for the re-conceptualization of basic attitudes in current economic and social thought, and is centred on the essential division between personal, direct, authentic relationships (I-Thou) and objectifying relations (I-It). The work *I and Thou* (first published in 1923) is about man's

relational existence, the authenticity of communion lived in mystical experience and in people's committed relationships in opposition to everyday, alienated life and its objectifying attitudes. According to this view, the human subject does not appear to be a fixed premise (a consistent "I" in a person), but a derived category that emerges only through particular modes of relation. These primary words differ essentially from philosophical concepts in their function, while none of them can be taken separately but only in relation to others. This shift is, as Michael Theunissen remarks, attributable to the fact that "the thought about the 'dialogical principle' springs not from a metaphysical experience, but from an 'experience of faith' and, for this reason, must first be translated into philosophical concepts" (Theunissen 1986: 269). Philosophy's primary words do not signify things, and do not describe independently existing states of affairs either, but they bring about existence. Accordingly, primary words are spoken from being, with our whole being, or, conversely, without it (Buber 1937: 3).

Buber's claim that "The primary word *I-Thou* establishes the world of relation" (Buber 1937: 6) is fundamental to his entire conception. Here, it is the relation that is the condition for the emergence of *I*, because the *I* can only become an *I* through its *Thou* (Buber 1937: 28). Any relation is founded in people's relation with God, or in Buber's words, "in each *Thou* we address the eternal *Thou*" (Buber 1937: 6). With this essential distinction, which is usually avoided by the modern secular view, Buber's conception, without any metaphysical intent, introduces a principle of differentiation: an *Other* (besides and above the *I*) who is supposed to be the condition both of *I* and any other *Other*—and therefore which also has the role of a higher principle. Being familiar with Buber's life and work, there is no doubt that we should here take this to mean not a personified philosophical principle, but God "himself" (in the biblical meaning of "the God of Israel")—however, if we intend to remain in the realm of philosophy alone, we could also see it as a necessary teleological presupposition. Anyway, if this principle is taken for granted, then no other principle nor any other existent being could take its place in the strong teleology of the system. Buber's philosophy as a whole is an endeavour to establish meaningful relations with any form of existence through this eternal supreme reality.

According to Buber, there are three spheres in which the world of relations arises: our life with nature, our life with men, and our life with intelligible forms (Buber 1937: 6). In our life with nature, relations are established below the level of speech. Our relation with men is mediated in the form of speech and, as such, we can both give and accept the *Thou*. In the case of our life with intelligible forms, we have an unclear relation, because these do not use speech, yet they beget it. In Buber's words: "We perceive no Thou, but nonetheless we feel we are addressed and we answer forming, thinking, acting. We speak the primary word with our being, though we cannot utter Thou with our lips" (Buber 1937: 6). Confronting both the long-term German idealistic tradition consisting of the subjectivity of the spirit, and the existence of an objective spirit, Buber states that "Spirit is not in the *I*, but between *I* and *Thou*" (Buber 1937: 39).

In presenting the three kinds of realities and the ways they are given to us, Buber defines antithetical approaches, showing how they mediate authentic (*I-Thou*) or inauthentic (*I-It*) relations. We learn to see the well-known and appreciated sources of knowledge and interpretation in philosophy and sciences from a different angle: as sources of objectification and thus degradation instead of non-objectification: i.e. meaningful, timeless, empathetic experience, of the presentness of specific entities (human or non-human).

Of course, the type of relation expressed by the primary word *I-Thou* is peculiar to our life with people, being also the expression of man's original relation to God. The reference to God as source, sustainer and sharer of the authentic relation between people lays stress not only on the outstanding relation of man with God, but also on the uniqueness of every single human creature in this relation. The focus on the unconditional value of every person is one of the defining features of Buber's conception. "If I face a human being as my *Thou* and say the primary word *I-Thou* to him"—writes Buber—

...he is not a thing among things, and does not consist of things.... This human being is not *He* or *She*, bounded from every other *He* and *She*, a specific point in space and time within the net of the world; nor is he a nature able to be experienced and described, a loose bundle of named

qualities. But with no neighbour, and whole in himself, he is *Thou* and fills the heavens. This does not mean that nothing exists except himself. But all else lives in *his* light. (Buber 1937: 8)

Such a relation with a *Thou*—as it is understood by Buber—is not a freely chosen one, but my speaking of the primary word to it is meant as an act of my being, because *I* am the one who steps into direct relation with it. As the relation means choosing and being chosen, man shall prepare himself to make the right choices, although he only becomes able to assume himself as an *I* through his relation to the *Thou* (Buber 1937: 10).⁷

According to Buber, for relational thinking, the development of the function of experience and use decreases “man’s power to enter into [authentic] relation” (Buber 1937: 43). As a result, the lack of true community in people’s personal and public life is considered as having an objective basis which cannot be remediated either by painstaking delimitation of *institutions* and *feelings*, nor through their careful integration. In Buber’s perspective, the communal life of modern man is necessarily dominated by reification and depersonalization of almost all human relations, due to a closed, self-sufficient perspective in the realm of economics and politics, both oriented by instrumentality and utility. The question derived from this has a present relevance and is as follows: Can the economy and politics, with their system characteristics and usual means-ends relationship, be conceived of as realms of authentic human relations; i.e. the relations we intend in our moral and religious life? If so, upon what grounds and by which conditions? What sort of certitude is needed to imagine such a shift against the evidence from the contemporary world? In what relation is this effort presupposed to be with the “enormous and nicely balanced apparatus” of the civilization of modern work and possession (Buber), and should be this civilization disregarded, transformed or even destroyed?

Although Buber did not intend to put forward in *I and Thou* a coherent critique of modern society and economy, he succeeded in grasping many relevant aspects of it, from subjective tendencies to systemic failures and peculiar human types. All these aspects are presented as instantiations of the alienated life of modern society, with the intent

to provide points of reference for its change. Buber's insights into the realm of human relations and basic attitudes towards them prove to be inspiring for contemporary thinking, even concerning potential strategies for changing alienated relations; they are strategies which are more or less similar in any reflection on ways to be followed.

The quest for authenticity within certain limits tries to be "realistic", admitting that the communal life of people is inescapably subjected to the world of "*It*", but still holding the conviction that this realm may also be changed through a gradual process or a radical reversal. The people involved in the world of *It* may opt for the first: for example, a "statesman or an economist who obeys the spirit" and acts within the boundary of the spirit set for him by the spirit itself, could confirm daily its truth in the *It*... "drawing—disclosing—the boundary line anew each day" (Buber 1937: 49). On the other hand, there is also the more radical attitude of *reversal* which rejects established rules and "overthrows the pieces". This second type of personal attitude is the true testifier of freedom, of the reality of spirit who "surmounts the universal struggle, tears to pieces the web of habitual instincts, raises the class ban, and stirs, rejuvenates, and transforms the stable structures of history" (Buber 1937: 57). However, if even those who accept "the dogma of gradual process" which momentarily enslaves them to the world of "*It*" enter the world of Thou with concentrated being and heightened power to enter into relation, and become aware of freedom, they "*will be freed from belief that there is no freedom*" (my italics) (Buber 1937: 58).

Buber's conception of freedom is intimately tied to his conception of the mood of the religious man who lives in community with God; this relation is viewed by Buber as being "the universal relation, into which all streams pour"; i.e. the ground of any authentic relation, but also radically separated from any relation to the world.

There we find only the one flow from *I* to *Thou*, unending, the one boundless flow of the real life. Life cannot be divided between a real relation with God and an unreal relation of *I* and *It* with the world – you cannot both truly pray to God and profit by the world. He who knows the world as something by which he is to profit knows God also in the same way. (Buber 1937: 107)

The separation from the world of the religious man means also that “he has gone beyond the status of the ‘moral’ man, who is still involved in duty and obligation to the world”. But the religious man has emerged not from the tension between good and bad, but rather from the tension between the world and God. The separation between the moral and religious person remains slightly problematic, because a moral person does not admit an adversarial religious claim with his or her moral conviction, and a religious person cannot imagine a morality outside his religious faith. But the conception of such a disjunction between authentic and inauthentic relations as a whole could provide a good basis for the criticism of market-society and its challenges to both morality and religion.

By his criticism of objectifying attitudes and instrumental rationality and his commitment to dialogical authenticity in all kind of human relations, Buber’s philosophy delineates the guidelines for an essential turn in thinking about people’s status and their legitimate purposes in the realm of economy, politics and culture, but through this, it also prepares the ground for a new way of living together with nature. This perspective is one of the most inspiring sources from which to construct a different, new history of life and economy which takes into account the terms of Good and Evil, and which deals with all essential drives of humans, including worship, empathy, love and dedication, besides the unworthily prioritized drive of egotism in modern mainstream economics. Buber’s inspiration has served for many thinkers, including Tomáš Sedláček and Jeremy Rifkin, as a source for rethinking the big picture of economy and society.

3 Contemporary Theories Consistent with Buber’s Philosophy

3.1 Sedláček’s “Economics of Good and Evil”

To tell another story about the modern economy and its social imaginaries that assumes different perspectives (e.g. that of Buber’s authentic and inauthentic relatedness as a starting point), one needs to assume, as

Tomáš Sedláček⁸ does, that “modern economic theories based on rigorous modeling are nothing more than meta-narratives retold in different [usually mathematical] language” (Sedláček 2011: 5). This first step allows us to question further the sources and motivations of economic behaviour by revealing its mythological, religious, psychological and philosophical connections.

Sedláček demonstrates his resolve to changing the rules of the game by making the case for the necessity of re-establishing economics in its originary (moral) context (i.e. in *the idea of good life*), but as much by questioning the notorious and apparently self-evident modern social imaginary, “the dogma of continuous growth”. He aptly remarks that the idea of growth (progress) functions as an idol, a “secular religion” which dominates peoples’ thought and deceptively exploits their desire for a better life, even becoming an imperative: “It is our undiscussed imperative”—he says—“something that is simply so automatic that we do not see it. It’s a sort of illusion which has the power to control us and in a way turn us into slaves” (Sedláček 2011: 231). Although he speaks of illusions, this does not mean that all illusions are detrimental, nor that they are not able to generate real progress, too. We may remark that illusions are detrimental insofar as they do not create attainable goals and views about what is necessary and sufficient in the economy. According to Sedláček, more reasonable thinking concerning the goals and criteria of economic performance should address two questions: (1) To what extent and on what grounds is the growth of consumption necessary? and (2) How can we increase the awareness of people to ensure that they benefit more from more modest growth, or from renouncing economic growth for the sake of other types of growth (growth of quality of life, or growth of the diversity of community services)?

Sedláček, on the one hand, sees in the continuous insatiability of man a sort of anthropological constant which precedes capitalism; on the other hand, along with the economist Fred Hirsch, he warns us about people’s striving for comparative advantage (Hirsch 1976: 182–183). Nevertheless, Sedláček is confident about the chance of a major turn based on the determination of individuals when he affirms that “it is possible to run away from this consumption curse into the paradise of the heart, where there is calm and rest” (Sedláček 2011: 243), but the

degree and magnitude of such a turn look to be quite essential, and perhaps unmanageable entirely on the level of the individual. The appeal to this kind of radical change of perspectives that invites people to not find rest in the material world, but to turn themselves towards spiritual and authentic human relations, is known as a religious Jewish-Christian attitude, but belongs also to the common cultural heritage of humankind, from world-religions to the nonreligious enlightenment practice of “emancipation through self-cultivation (*Bildung*)”, but even more for its more radical way of rejecting the way in which our life is tied to rationalism and its power to liberate the individual “both from the state and from the type of individualization which is linked to the state” (Foucault 1982: 785). For forming such attitudes, we are inspired by many sources; among these Buber’s *I-Thou*, which calls for the transcending of merely worldly or use-based relations. The appropriate attitude starts with a rejection of the established rules and with taking responsibility for both our own life and the life of others, as expected from us in authentic moral and religious relations. This is the attitude which every person is called on to possess,—including economic actors.

Rejecting established rules means, first of all, posing a question about the ultimate meaning of economic growth and figuring out a clearer vision of economic goals. It requires addressing the question what is “enough” in work and production. This crucial issue involves two major questions: (1) What is the role of both assiduity and the Sabbath in people’ lives? and (2) What should be the proportion of accumulation (surplus creation) to the promotion of growth? Against people’s tendency to permanently *maximize*, and therefore to work longer hours much beyond the justification of producing enough to satisfy human needs, Sedláček suggests following what he calls *Sabbath Economics*, which allows time both for work, contemplation, and the enjoyment of the results of work, as required in the Ten Commandments. The commandment of keeping the Sabbath holy (i.e. free of work, and concerns about work) also finds confirmation in the common-sense wisdom that we should take time to reflect upon the meaning of our work and the conditions of the good life. The same cautious considerations call for, Sedláček thinks, the synchronization of short-term and long-term interests, including a pre-established and reasonable division between today’s

achievements and tomorrow's losses; i.e. between growth and debt. All these considerations, which require us to change the way mainstream economics "thinks", should bring economic thinking closer to the decisions that concern good and evil.

An attitude towards an economics developed in terms of a moral science should show more compassion towards the lives of those people it has an impact on, including the lives of those who are most disadvantaged by today's distribution of work in Western civilization, but also others all around the world. In this respect, as an extension of his previously mentioned conception, Sedláček proposes a global vision of solidarity. He thinks that adopting a coherent and compassionate attitude towards human suffering and poverty means "extending our sympathy not just to friends, to our family, not even to the nation, but to the whole of mankind". This extensive vision of solidarity has its roots in moral concerns in general, and especially in Biblical morality, but also in today's interconnectedness of trade and information which stimulates our ability to talk, organize, and react globally and to also use these new opportunities to fulfil moral purposes (Sedláček 2016).

3.2 Rifkin's "Empathic Civilization"

Similar sorts of questions related to authentic human relations (i.e. with people's interconnectedness and their willingness to show solidarity with each other and their fellow creatures) are the essence of another groundbreaking piece of work that revises and reforms the way we think about history and economy: namely, Jeremy Rifkin's book *The Empathic Civilization* (Rifkin 2009). The main topic of the book involves one of life's most exciting questions: whether we will be able to "expand the circle of empathy – in former times limited to tribes and nation-states –, to continents and to the entire world"... or more exactly, the way the author frames it: "Can we reach global empathy in time to avoid the collapse of civilization and save the Earth?" (Rifkin 2009: 3).

In accordance with new discoveries in brain science, child development and anthropology, Rifkin considers that human beings are not by nature aggressive, materialistic, utilitarian and self-interested, but

rather fundamentally empathic. This thesis is supported, in among other ways, by the function of mirror neurons, which ensure that people who observe each others' feelings have similar experiences themselves. Also, evidence about child development proves individuals' specific sensitiveness to the plight of others. Beyond the above-mentioned scientific discoveries, Rifkin emphasizes the strong evidence from the realm of sociality that shows that "life (...) for the most part, is lived out in hundreds of small acts of kindness and generosity. Comfort and compassion between people creates goodwill, establishes the bonds of sociality, and gives joy to people's lives..." (Rifkin 2009: 10) So, there is no doubt that human consciousness is wired for empathy and social engagement. Human beings have been proved to possess the ability to show solidarity—not only with each other, but also towards their fellow creatures with whom they share both the planet, and the attribute of mortality. The question is: will be this enough, in tandem with the current threat of the exhaustion of the Earth's ecosystem, to change the way we have for lived centuries?

Rifkin, following Howard Odum, one of the pioneers in the field of natural energy systems, and Leslie White, who introduced energy as a yardstick for measuring the success of all human cultures, establishes a causal relation between the slow growth of empathic consciousness in human history and the increasingly complex energy-consuming social structures that make possible this growth, but which also cause the ever-quickenening entropic destruction of the Earth's biosphere.

Rifkin's rationale runs as follows: if each successive communications revolution in history—oral language, script, print, and electronic—provides us with increasingly sophisticated ways of sharing our personal and collective stories and extending our emotional reach to diverse others over space and time (Rifkin 2009: 187), then it is possible that, in the same way, due to changes in their modes of communication, humans have expanded their empathy through blood ties to empathy in religious associational ties, to empathy based on national identification. After these stages, there have recently emerged the opportunities provided by the internet, while new communication technologies will allow people to empathize with the entire human race as a single biosphere.

The potential for changes in the current industrial revolution, as Rifkin sharply observes, also impacts various aspects of the economy. Traditional thinking modelled on the basis of the egotistic, profit-maximizing striving nature of the economy is changing its *modus operandi* from more transparent and responsible relations with consumers to a considerable reshaping of market transactions and, in the global software business, from adversarial attitudes to win–win strategies, including an increased openness to sharing risks and entering into open-source collaboration. Rifkin holds up as a model the successful network collaboration involved in developing Linux, which has created a business model that was simply previously unimaginable. Empathy thus proves to be useful for both the business and social status of the individual, leading Rifkin to formulate a powerful counter-argument to the thesis of interlocking selfishness, harmonized by the market’s “invisible hand”: namely, “In networks, optimizing the interest of others increases one’s own assets and value” (Rifkin 2009: 17). Linux’s successfully becoming a competitor with Microsoft on the world stage is taken by Rifkin as proof of the idea that “the notion of economic altruism no longer seems like an oxymoron” (Rifkin 2009: 18).

The new insights into the empathic nature of human beings have even passed into new expectations concerning the workforce by putting as much emphasis on social intelligence as professional skills, and demanding the ability of employees to empathize across traditional ethnic, racial, cultural and gender boundaries. “Learning how to work together in a thoughtful and compassionate manner is becoming standard operating procedure in a complex, interdependent world” (Rifkin 2009: 18).

In explaining his book’s main proposal for dealing with the empathy–entropy paradox, Rifkin presumes that the most important effect of people’s extensive online collaboration could be an empathy-based “planetary consciousness” which will contribute to solving the energy problem through the sharing of electricity peer-to-peer across an internet-like smart energy grid, from renewable energies (wind, solar, geothermal and biomass) harvested in people’s backyards (Gefer–Rifkin 2010).

Conferring such huge importance on an increase in empathic sensitiveness—the importance of being able to transform peoples’ lives—represents a nicely balanced mixture of utopia and a social ability

which has already been proven to work in many situations of collaboration for humanitarian purposes. Rifkin refers especially to the case of the devastating tsunamis in the Indian Ocean of December 26, 2004, when blogs and the internet became a global organizing site for sharing information about the disaster, collecting aid and organizing relief missions—a huge example of the power of hundreds of thousand of empathizing people. Following his train of thought about the power of communication to change social and market transactions in a way that includes both economic and humanitarian altruism on a global scale, Rifkin admits that resulting empathic consciousness will change the way capitalism works, but not according to pre-established ideas of socialism. The new way of collaboration, he says, does not necessarily presuppose socialist convictions, but rather a comprehension of the reasonableness of exchanging and uniting “distributed energy”:

...when you have peer-to-peer sharing of energy across an intelligent grid system, you no longer have the top-down, centralized economic system. Distributed energy requires distributed capitalism, and that relies on the opposite view of human nature than that of market capitalism. But the politics isn't right or left – its centralized, top-down versus collaborative commons. You don't hear people say, I'm going onto a social networking space because I'm a socialist – it's just a different frame of reference. (Gefter–Rifkin 2010)

4 Conclusion

Of course, practice always lacks the completion of theoretical ideals. None of the proposed solutions for changing human relations is meant to have the effect of transforming the relationship between people from mostly *I-It* type of relations to pure *I-Thou* type of relations in the Buberian sense,⁹ which will continue to remain characteristic of rare encounters between morally (and perhaps religiously) committed people. However, if we consciously accept the paradigm shift proposed both by Sedláček and Rifkin, we can contribute to an improvement in this direction by interpreting the history of our societies using new social imaginaries; i.e. by changing the terms of the problem. Undoubtedly,

Rifkin's idea about an expanding sphere of empathy throughout history seems to be true in the sense that this process has reduced discrimination against women, gay people, the disabled, people of colour, and ethnic and religious minorities. It is also true that these advances express a sensitivity in the form of social rights and policies, human-rights laws, and now even statutes for protecting animals. But what Rifkin considers "the long end game of including 'the other', 'the alien', 'the unrecognized'" has a long way to go. Signs of a "new biosphere consciousness" exist in various forms, but to say that "the simple fact that our empathic extension is now exploring previously unexplorable domains is a triumph of the human evolutionary journey" (Rifkin 2009: 26) may be a rushed conclusion. We also see that these advances are far from universal. Many of the results already acquired have been eclipsed and eroded by old and new tendencies in the United States and some Western and Eastern European countries in the form of various xenophobic biases and prejudices, carefully propagated by populist politicians.

As we may observe, Rifkin, by introducing the concept of emphatic civilization, tries to grasp the meaning of a multitudinous but interconnected historical processes regarding the interaction between the behaviour of individuals and the states of society, without neglecting the important countertendencies. The ability to conceive people' of relatedness in smaller and larger groups, including the global and historical perspective, is one of the most significant achievements of dialogical, relational thinking and of the empathy-centred view. Instead of being understood as a mere feature of emotional intelligence, empathy is increasingly conceived in Rifkin's and other recent work as a transformative force of social thinking as a whole, generating perspectives that go beyond the self and local relations towards a structural, systemic and even historical view. Senge and Krahnke have described empathy in this broader sense, terming it "transcendent empathy", and have conceived of it as an "ability of thoughtfulness"; i.e. an ability to move away from the localized self, to see the larger system, and to make deep connections across time and space, including far-reaching consequences (Senge–Krahnke 2014: 194). The most important role of a theory in influencing the way society works is how it offers new insights into the meaning of current and long-standing tendencies in people's lives without the possibility of directly intervening

in the course of events. The theories of Buber, Sedláček and Rifkin outline different perspectives, but they are sympathetic in terms of how they make difference between proper and alienated human relations in life and economics, introducing through this a possible sense of *the good life* without reference to a perfect society. Buber, but also today's theorists inspired by his work such as Sedláček and Rifkin, have certainly taken steps to embed our sense of relatedness and our ability to see the "big picture" and the deep connections across time and space.

Notes

1. A completely desolate picture of world poverty can be found in the work of Harry Van der Linden, who gives the following examples: "At least one billion people in the developing world lack minimally adequate nutrition, health care, housing, and educational opportunities. Their poverty creates massive human suffering, especially among children: Ten million children under the age of five die yearly from preventable causes, while hundreds of millions of children in the Third World grow up cognitively or physically severely underdeveloped" (Van der Linden 2003).
2. I use the term "piggish capitalism" for its catchy and provocative potential in the sense presented here following Uri Ram, but in a broader sense, I also mean by it the majority of the phenomena described by Joseph E. Stiglitz in his book *The Great Divide: Unequal Societies and What We Can Do About Them* (W. W. Norton, 2015).
3. Benjamin Snyder, a specialist of the new flexible economy, explains the differences between the old and the new working regime in following way: "Workers are expected to manage risks that were once happily borne by employers in the form of regular and secure employment, such as the problem of maintaining steady wages and appropriate levels of output during market downturns. But workers must typically manage these new risks without collective representation and a strong welfare system. This is having deeply troubling consequences for workers' health, psychology, and relationships. Many must coordinate multiple part-time jobs that have unpredictable schedules, a situation that often results in work-family conflict and an uneven flow of income. Job instability increases the risk of cardiovascular disease, substance abuse, and mental health problems" (Snyder 2016: 50).

4. Although we lack convincing details about the determinant causes and their relation to economic and work-related factors, we find it more or less characteristic of people's states of mind today that, according to an estimation by the WHO, almost 350 million people are suffering from depression globally (2012).
5. Economist Tomáš Sedláček also formulates this paradox and shows that its roots are found in the misguided motivation for modern economic activity: the constant desire to have more and more; according to him: "We are by far the richest civilization that has ever existed, but we are just as far from the word 'enough' or from satisfaction, if not further, than at anytime in the distinct 'primitive' past" (Sedláček 2011: 218–219).
6. Arguably (but widely) regarded as Mark Fisher's most widespread idea, capitalist realism is an ideological framework for viewing capitalism and its effects on politics, economics and public thought. The name itself is a play on the term Socialist Realism. Fisher wrote extensively on the subject both under his pseudonym "k-punk" and under his own name. He also frequently gave interviews on the subject that expanded on his definition of the concept with other well-known political bloggers and thinkers. According to Mark Fisher, the quote "it is easier to imagine an end to the world than an end to capitalism", attributed to both Fredric Jameson and Slavoj Žižek, encompasses the essence of capitalist realism. Capitalist realism is loosely defined as the dominant conception that capitalism is the only viable economic system and thus there can be no imaginable alternative (Fisher 2009: 2). Fisher likens capitalist realism to a "pervasive atmosphere" that affects areas of cultural production, political-economic activity, and general thought.
7. In the text, we find proofs that the idea of anticipating readiness was considered by Buber himself: for example, in the following formulation: "In the beginning is relation – as category of being, readiness, grasping form, mould for the soul; it is the a priori of relation, the inborn Thou" (Buber 1937: 27). But this kind of readiness is exactly the opposite of improving the capacity of experiencing and using the world of *It* which decreases man's power to enter into relations. The same could not be the case with replacing direct with indirect experience, as this is a presupposition of a spiritual life because man lives in the spirit—if he is able to respond to his *Thou*. So, all attempts at being prepared for the encounter shall consider the essential condition of keeping free the *Thou* from the world of *It*, as expressed by Buber in the following: "Only silence before the *Thou* – silence of *all* tongues, silent patience in the undivided word

that precedes the formed and vocal response – leaves the *Thou* free, and permits man to take his stand with it in the reserve where the spirit is not manifest, but *is*” (Buber 1937: 39).

8. Tomáš Sedláček is a Czech economist and university lecturer. He is the Chief Macroeconomic Strategist at ČSOB, a former member of the National Economic Council of the Czech Republic, and was economic adviser to former President Václav Havel.
9. Invoking the terms and the perspectives of Buber’s philosophy does not mean that we find it in all aspects exemplary and suitable for making a diagnosis, or a cure for all the problems of today’s society. We find inspiring the distinction between I-Thou and I-It relations, and we find also felicitous the discovery of a potentially strong connection between the religious perspective—largely also accessible to the nonreligious—and moral sensitivity. Nevertheless, we are not exponents of the need for a religious foundation for ethics, as much as we are not interested in the denigration of modernism, and we do not intend to promote what the sociologist Uri Ram termed “Buber’s fuzzy leftist-rightist, or romantic-humanistic, legacy” (Ram 2015). For example, I do not share the sociological presuppositions of his time, although I consider that the different communities we share are of special importance in defining our identity and surpassing some sort of alienated or inimical relations in society, I do not think that there must exist a specific authentic “community” (*Gemeinschaft*) that takes precedence over a modern, utilitarian and ostensibly alienated “society” (*Gesellschaft*), and nor do I think that the “village” is to be preferred over the “city”, or vice versa. I am not a nationalist: neither of one, nor of two nations.

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Caring for Being and Caring for the Other

Luk Bouckaert

Taking care mostly is related to a range of specific activities which belong to the sphere of health and family care or to relations of philanthropy and social support. However, in a more philosophical and general approach, we may consider caring as an underlying attitude of *all* human activities. The German philosopher Martin Heidegger developed in *Sein und Zeit* (1927) an ontological analysis of *Sorge* (care) as the basic structure of our being-in-the-world (*Dasein*). Confronted with the threat of death, human beings are driven by anxiety and worry. Hence, their first act of caring is about their survival and the meaning of their own threatened existence. In the first section of this paper, we challenge this Heideggerian concept of *Sorge*. The French Jewish philosopher Emmanuel Levinas interprets caring as a non-chosen *responsibility* for the other. In his view, caring for the other is a more genuine starting point than concern about one's own existence. The second section of the paper explores the notion of vulnerability and differentiates

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between negative and positive forms of vulnerability. The Heidegger–Levinas controversy again comes to the fore when we address the question which and whose vulnerability has to be given priority. The third section of the paper applies caring to the sphere of economics and brings out the contrast between philanthropy and relational economics as two different forms of economic care. The last section illustrates the implications of the Heidegger–Levinas dilemma with a business case taken from Goethe’s *Faust*. As a successful entrepreneur, Faust is confronted with the choice between entrepreneurial success and caring for the other.

1 Heidegger and Levinas: Two Interpretations of Caring

According to Heidegger (1927), *Sorge* (care) is the basic feature of the human Self as a being embedded in the world (*Dasein*). *Sorge* is not just one of the characteristics of human beings, it is the full and primary expression of it. It relates the Self to other beings and, most of all, to time as the awareness of human finitude. Yet, the translation of *Sorge* into ‘care’ runs the risk to stress too much the sense of concrete solicitude (*Fürsorge*). Although this anxious concern is indeed part of *Sorge*, Heidegger’s analysis entails something more fundamental. *Sorge* in his view is primarily the expression of a deeper form of anxiety which is generated by the fact that human beings are—in a conscious or non-conscious way—aware of being destined to die (*Sein zum Tode*). Confronted with the perspective of its own ending, the Self (*Dasein*) comes under pressure to safeguard his existence and to create a future. By delaying our death, we create a space of freedom. Hence, caring is the way we disclose and safeguard our being as a temporary project in this world. In a similar way, entrepreneurship has to be understood as an effort to overcome our destiny to die and to create some meaning beyond death.

To escape the angst for our ontological finitude, we can try to be involved as much as possible in concrete activities and be swayed by the issues and the hypes of the day. This escapism which Heidegger calls

fallenness (das Verfallen) is characterized by much idle talk, curiosity as a relentless seeking of novelty, and failure to distinguish genuine insight from conformity to what *they* say. The tendency to get lost in the fascination of daily hypes and social talk is not just an accident, it is part of our being-in-the-world. However, we can break out from this way of non-authentic presence in the world by realizing our condition of finitude in a more appropriate way. Being aware of our limited space of freedom, we connect to our own, personal time of being with its possibilities and limits. This connection to time as inner and personal space of development makes it possible to lead an authentic life and to take distance from a life directed by what *they* say and do.

What we can learn from Heidegger's analysis of *Sorge* is twofold: (1) Self-care is the basic reaction of a being-in-the-world that is confronted with the possibility of its own end and (2) caring can be realized in either an authentic or a non-authentic way. The authentic form of care transforms the angst for death into a self-directed search for meaning in life. The non-authentic form tries to escape the angst for death in an other-directed life of social conformity and activism.

Some ten years after *Sein und Zeit*, Heidegger made a shift in his thinking which he called *die Kehre* (the turn). This turn is not a change of standpoint from *Being and Time*, but an effort to reinterpret his earlier work from a non-explored perspective. Being-in-the-world has now to be understood as part of a process of Being that precedes our subjective conception and analysis of the Self. As Heidegger explains in *Letter on Humanism* in 1947: "This turning is not a change of standpoint from *Being and Time*, but in it, the thinking that was sought first arrives at the location of that dimension out of which *Being and Time* is experienced, that is to say, experienced from the fundamental experience of the oblivion of Being" (Heidegger 1993: 231–232).

While the earlier Heidegger stressed angst for death as the key to understanding the nature of our being-in-the-world, the later Heidegger is focusing on Being as a *process of unconcealment*. Our being-in-the-world and our creation of meaning are only temporary expressions of Being which in itself is a permanent process of disclosing new worlds. Although this latter view tempers the angst for death, it does not remove our finitude. We are not able to master the world. At best, we

are the guardians of something that happens in an irresistible and hidden way. Caring is transformed into the mindful attention to the enigmatic presence of Being. Poets such as Holderlin, Rilke or Elliot are the privileged 'observers' of the *unconcealedness* of Being which is completely eclipsed in a civilization that is enclosed in a technological concept of life.

Levinas has deeply criticized Heidegger's concept of *Sorge* (Levinas 1961, 1974).¹ Levinas' main criticism is that the primary concern for one's own being makes the Self blind to the otherness of other beings. Prioritizing the self over the other always ends up in instrumentalizing the other for ideological or other purposes. He recaptures the same criticism against the later Heidegger. The celebration of Being as an overwhelming happening once again makes us blind for the concreteness and the suffering of other humans. According to Levinas, it is not pure coincidence that Heidegger compromised himself with the Nazi creation of a new world as he saw it as a new *Seinsgeschichte* that would enable the German people to overcome their restricted freedom. For Levinas, the original meaning of care is not generated by the angst to die nor by the *unconcealedness* of Being, but by the non-chosen confrontation with the vulnerability and concreteness of a human face. To be personally exposed to the vulnerability of a human face is very different from the exposure to the condition of one's own finitude or to the power of Being.

When exposed to the vulnerability of another human being, I am not confronted with something that threatens my existence or has the power to destroy my freedom. On the contrary, the vulnerable other is powerless and defenseless (otherwise his or her vulnerability would be fake and deceptive). Think of the paradigmatic case of 'the Samaritan' in the well-known Biblical story. The Samaritan is confronted with a wounded traveler alongside the road. The wounded victim can't help himself and is completely dependent on the goodwill of those who are passing by. For Levinas, this situation of complete dependence on the other can engender an ethical commitment. The wounded traveler has no means to destroy the freedom of the Samaritan, yet he has the power to awaken in the free person a *non-chosen ethical imperative* of moral solidarity and responsibility. By begging for help, he challenges the free person. Of course, the Samaritan could have disregarded the ethical appeal for

various reasons (as did the priest and the Levite in the story). However, some lingering feelings of guilt, discomfort and disconnectedness may point to an earlier non-chosen relational dependence. Only by taking charge of the wounded person and paying for his recovery, the Samaritan redeems his Self as a truly human being. At a deeper existential level, there is a kind of reciprocity at work. The Samaritan gives the wounded traveler the material support for recovery, whereas the wounded traveler gives the Samaritan a sense of interconnected identity.

Although the Samaritan case of caring is very different from Heidegger's original interpretation of *Sorge*, there are also similarities. Both interpret care as a response to a traumatic experience of human vulnerability. Heidegger analyzes the *ontological fact* that we are exposed to death and to Being and defines caring as the human effort to overcome the pain of our finitude and to safeguard our being-in-the-world. For Levinas, the experience of vulnerability starts with the *ethical fact* that we are exposed to the helplessness of a human face and to the appeal for support. Care is the way we respond to this plea by reducing the negative vulnerability of the other. Simplifying, we could say that Heidegger's caring is driven by the ego-centric concern to overcome one's own finitude while Levinas represents the other-centric position of responding to the need of people. However, we must not exaggerate the difference between these two interpretations. The later Heidegger transformed the ego-centric notion of *Sorge* into an attention for Being as an open and transcendental horizon while Levinas integrated self-care as part of a reasonable attitude of responsibility for the other. Nonetheless, *caring for Being* and *caring for the other* remain different. The paper discusses the implications of this difference for management in Sects. 3 and 4.

2 Negative and Positive Forms of Vulnerability

The concept of vulnerability is rather marginal in modern philosophy because of its negative connotations. Modern philosophy is driven by the full exploitation of human autonomy. Vulnerability implies a loss of autonomy and is seen as something that must be reduced as much

as possible. Today, vulnerability gets more positive attention due to its potential to create relations of solidarity, co-responsibility and co-creation.² Many of us feel that we need a positive philosophy of inter-dependence rather than a further celebration of human agency and sovereignty. If we continue to master the world while prioritizing our own autonomy, we will never succeed in saving our planet. At best, we will do things a bit greener and slower than before, but our basic attitude will remain one of instrumentalization and dominance. A spirituality of caring in its different forms cannot be realized without a deep awareness of the vulnerability of all living beings and of the planet itself. In order to develop an inspiring ecological ethic, we need a philosophical reflection on the nature of vulnerability to which humans are exposed.

Generally speaking, vulnerability is a consequence of our dependence on other beings. We depend on nature for food, shelter, light, energy, etc. To realize our material and spiritual needs, we must trust other people who might cheat us. But most of all, the *fact* that we are exposed to death makes everyone very vulnerable as Heidegger's analysis of *Dasein* explains. Undeniable facts as death and human dependence explain that vulnerability is foremost a descriptive statement about our *factual condition*. Vulnerability can be defined as the human condition of being exposed to and dependent from the unpredictable in its many forms, positive as well as negative.

Science, technology and management are instruments to reduce our dependence and to enlarge our space of free choice and agency. In this modern perspective, vulnerability is not a moral virtue to be praised but an obstacle to be overcome. In modern economics, we do not speak about vulnerability but of problems of scarcity. By translating vulnerability in terms of scarcity, we suggest that we can reduce our dependence on nature by re-allocating our means to optimize our aims. In a similar way, we manage vulnerability in politics. In modern politics, we are not confronted with scarcity problems. Our vulnerability follows from the fact that my freedom is dependent on the freedom of other people. To overcome the clash of freedoms, modern society organizes a space of equal freedom for all. Modern philosophers such as Kant, Rousseau and Rawls develop different contractual theories of society to

promote the idea of universal rights/obligations and equal opportunities. A modern societal contract aims at providing maximum individual freedom for all as well as minimizing non-chosen dependence. It promotes the idea of a free society.

I will not elaborate here on the intellectual debates about the limits of these modern theories of social contract and economic scarcity. It suffices to refer to the ecological crisis in the face of unending struggle over scarce resources to get an immediate sense of the limits of modern social contracts and the illusions of overcoming scarcity by an unlimited economic growth. Instead of looking at dependence as a loss of autonomy and at vulnerability as something that must be reduced in order to strengthen our autonomy, we should transform this negative and ego-centric view of dependence by a more positive one. An other-centric outlook on vulnerability can empower our mind with a positive sense of inter-dependence.

The experience of positive inter-dependence is not confined to the traumatic experience of being confronted with the wounds of the other, as is the case in the philosophy of Levinas. Reciprocal giving generates relations of positive inter-dependence in an enjoyable way. However, gift relations as such can also engender negative forms of dependence. The more gifts are pure and gratuitous, the more they can generate an asymmetric relation of dependence and paternalism. It is not always easy to accept a gratuitous gift because it may create a loss of autonomy. Although we may feel grateful for the gift, we feel at the same time inevitably indebted to the giver and obliged to do something to return the favor. On the other side, the giver always runs the risk that his or her gesture of gift will be disregarded or abused. The reciprocal vulnerability created by gift relations can only be overcome by enjoying and sharing our gifts with others. This is the case when we feel indebted to our parents for the gifts of life and education. We can only overcome this asymmetry by in turn giving the goods of life and culture to the next generation. In this way, we can create a positive sense of inter-dependence.

The basic intuition behind gift relations as well as in traumatic experiences of vulnerability is that the moral existence of the other precedes my autonomy. This is admirably expressed by the Indian social

philosopher and activist Satish Kumar (2010), in his book “You are, therefore I am. A declaration of dependence.” “You are, therefore I am” is the translation of the Hindu expression *So Hum*.

My conclusion at this point is that the ecological crisis has a lot to do with the modern disregard in economics of both gratuitousness and shared vulnerability. Our interaction with nature and future generations has been dominated by the logic of commercial exchange and functional calculations. If we want to overcome this shortcoming, we will need a positive theory of moral inter-dependence that integrates relations of reciprocal gift.

3 Philanthropy Versus Relational Economics

Caring entrepreneurship can be interpreted in different ways. But a common characteristic of all forms of caring in the economic realm is a sense of reciprocal gift. Caring has its own “modus operandi” which is different from the *quid pro quo* logic in economic exchange.

The purpose of the gift can be threefold. It can be a restitution: the relief of a previous obligation. Or it can be a means to strengthen our commitment in existing relations. Finally, it can express our will to cooperate in the future. Hence, the logic of gift is to restore, to strengthen or to create relations of reciprocity and cooperation between human actors. The transfer of a gift fulfills not only some human need, but also affects the intrinsic quality of the human relations. It may create relations of paternalism, dependence and envy, but ideally of cooperation and reciprocity.

Philanthropy has a tendency to foster relations of paternalism and does not question the underlying system of inequality between the giver and the receiver. Philanthropy which is well established in the US and part of its natural generosity, does not call into question American capitalism, its structure of property rights and its unequal distribution of income and opportunities. It is seen as an addendum to the capitalist system to heal the wounds of the system. In a similar way, the Catholic practice of charity in the Middle Ages did not question the feudal system but aimed to reduce the wounds of this system. The replacement of

Charity and Philanthropy by a legal system of social security in Europe changed the structure of society toward a more just distribution of national wealth. Its aim was to create relations of increased equality. Yet, social security systems often result in undermining the personal sense of caring since now the government is supposed to care for everyone and everything. By contrast, caring entrepreneurship is a *new form* and *genuine expression of caring* that must be distinguished from philanthropy.

Italian economists Stefano Zamagni and Luigino Bruni introduced the idea of civil or relational economics and the foundational role of the logic of gift in economics (Bruni and Zamagni 2007). They developed the notion of *relational goods* in economics via the analysis of the so-called happiness or Easterlin paradox (Bruni and Zamagni 2007: 232–252; Bouckaert 2017).³ In their work, they explain how the disconnect between happiness and growth of income as it is observed in the Easterlin paradox is the result of a systemic decrease of ‘relational goods’: what is gained in well-being thanks to earned income is less than what is surrendered due to the diminishment of relational goods (Bruni and Zamagni 2007: 93). By *relational goods*, they refer to goods generated by and generating relations of cooperation, trust and reciprocity in contrast to *positional goods* which foster competition, envy and distrust. What is interesting here is that Bruni and Zamagni introduce a notion of economic development that integrates the philosophy and practice of *relational goods*.

While modern economics is based on the assumption of autonomous actors making freely their choices and individually controlling their environment, today’s context is characterized by a growing interdependency and therefore an increased vulnerability of the economic actors. If we want to reduce the negative side of vulnerability, we should develop indicators that measure our capacity *to grow in interconnectedness*. Some of those indicators already exist such as the ecological footprint, human development index, performance for future generations, and gross national happiness. But their impact on our economic and social behavior and public policy remains limited. To really empower these new indicators in social and economic life, a cultural change has to be fostered. We should focus on how to enjoy life by consuming less. It is the task of relational economics to align economic development

with the vulnerability of our environment. We need genuine leadership to transform our vulnerabilities into opportunities for a relational economy. Philanthropy will not suffice.

4 The Heidegger–Levinas Dilemma in Business

The concepts of caring as introduced by Heidegger and Levinas go far beyond the practice of philanthropy. Their reflections aim to transform individuals and society by an ontological or ethical awareness of the vulnerability of human existence. For Heidegger, caring aims primarily to overcome our own finitude by creating a new and meaningful world. By contrast, for Levinas, the starting point is the confrontation with the powerlessness of a concrete human being. Prioritizing the vulnerable person implies the ideas of servant leadership and of willingness to constrain one's own individual freedom and identity.

From a theoretical point of view, we may try to integrate both perspectives in a kind of synthesis. But such theoretical construct too easily escapes the real-world confrontations. Literature can be more illuminating. Thanks to Rita Ghesquiere, I found a paradigmatic illustration of the Heidegger–Levinas dilemma in the last act of Goethe's *Faust* (Bouckaert and Ghesquiere 2010). The aged Faust has one foot in the grave when he is confronted with a difficult challenge. Allegorical characters 'Want,' 'Need,' 'Guilt' and 'Care'⁴ surround him but only Care really disturbs him. Care demonstrates that the autonomy and power of a human being are always restricted. But to the ambitious Faust, this is unacceptable. The sky is his limit. By means of his colonization project, he has created a new world, a small kingdom that he has recovered from the sea by building dikes and draining the marshlands. He got the first funds for this project from the emperor after the war. It is a visionary, future-oriented project that causes collateral damages.

At first, Faust is satisfied with his project. The technological subjugation of nature gives him some satisfaction, because his deed "will transcend finite impossibility and his own mortal existence" (Sahni 2001: 428). But there is still disquiet. He is unsatisfied. He remains the

striving man. From the Heidegger point of view, Care incarnates the anxiety that in the end his project might fail and that he will not leave any visible traces to the world.

The more he achieves, the more suspicious he becomes. The small dwelling of two old villagers Philemon and Baucis is a thorn in his flesh. They are happy in their modest cottage, but Faust wants to get rid of them. He wants the elderly couple to move and Mephistopheles, his devilish companion and advisor, turns the relocating activity into a mess. He advances their death by his rough approach and with the help of his violent assistants. It is Care that makes the elderly Faust blind, although he never realizes that he is blind.

This literary episode is a clear example of dramatic irony. There is a disparity of awareness: the audience and the surrounding characters understand that Faust has been blinded, but Faust himself does not. Faust is blind to the dignity and fate of Philemon and Baucis who live by their own values and stand for a 'small is beautiful' philosophy, the wisdom in traditions. He is blind to what Levinas calls the concrete otherness of people. He feels almost no remorse and hence Guilt cannot disturb him. Faust is blind to the consequences of his interference in the natural environment; he is blind to the mercilessness of Mephistopheles. He is blind to, or rather death, for the bell that could point the way to God.

Faust's entrepreneurial care was spurred by a utopian dream to master the world and to transcend his mortal being-in-the-world. Yet, Goethe who was well aware of the megalomania of the modern ideas of entrepreneurship and human progress, at the same time recognized their value. Faust did not end, as would be the case in a classical tragedy, with a catharsis, madness or suicide. In the last act, Faust is guilty of hubris and lack of mercy. Yet, he will not be destroyed. His boundless zeal and sheer hard labor to create a better future earn him salvation and confirm his nobility. Faust as a character can be described by the word 'striving' or 'self-transcendence.' He is a visionary person who keeps the future open and has the will to overcome his limits. His motto can be summarized with the well-known verse of Goethe: *In the beginning was the Deed* (Goethe 2007: verse 1.237). Because of Faust's never-ending striving to transform the world by concrete and visionary activities, Mephistopheles at the end lost his grip on him. In the final scene,

Faust's ascension turns the announced tragic end into a happy outcome. Mephistopheles loses the wager. Faust's soul is taken to heaven by the angels (Goethe 2007: verses 11.934–11.941).

This noble spirit is released
 From evil and damnation
 For those whose striving never ceased
 We can lead to salvation.
 And if from highest heaven love
 And mercy should relieve him,
 Then all the blessed host above
 Will joyfully receive him

Goethe's Faust is sometimes presented as the voice of the Bourgeois culture and the capitalist strive to modernization. To some extent, this is true but the Faustian idea of entrepreneurship is not a naïve celebration of capitalism. It contains a lot of intrinsic criticisms on the capitalist ethos, especially on the utilitarian and hedonistic anthropology behind it. The ambiguity of capitalism is visible from the beginning by the antagonism between Faust and Mephistopheles. Both are capitalists and protagonists of the industrialization process, but their ultimate ends are different. The aim of Mephistopheles is the search for a hedonistic life without longing for higher and self-transcendent values. Faust, by contrast, wants to keep alive the spiritual drive within human action.

The debate between Faust and Mephistopheles just before starting the land drainage project illustrates very well the conflict between the two forces within capitalism: the utilitarian and the idealistic. The former is striving for utility while the latter is striving for self-transcendence (Goethe 2007: verses 10.187–10.198).

Mephistopheles does not represent the conventional devil seen as the incarnation of the bad. He is far removed from the medieval image of the Satan. He has many faces. He is flexible and adapts his strategies to the ambitions of his victim. He is a subtle figure operating *sub specie boni* exploiting the naiveté and short time expectations of people. He tries to reduce the aspirations of Faust into a worldly and utilitarian horizon but simultaneously stimulates Faust's willy-nilly to reach a higher level of

consciousness. As a result, Mephistopheles' presence is 'a necessary and powerful force in human and social evolution' (Sahni 2001: 429).

As we have seen, the result of Faust's megalomania is the tragic death of Philemon and Baucis. Although Faust wants to give the elder couple a new dwelling, the intervention of Mephistopheles causes their death and at the same time, announces the death of Faust himself. Faust is no longer able to bear the burden of the project and becomes blind. Mephistopheles loses his grip on Faust. Faust will not see the results of his engineering project. Faust, as an entrepreneur has failed even if he is not fully aware of his failure. But, for Goethe, each failure is an opportunity to reach a higher level of consciousness and human action. It opens the door for spiritual rebirth which reaches its full meaning in the ascension of Faust into heaven.

5 Conclusion

The story of Faust gives us a dramatic visualization of the Heidegger–Levinas dilemma and its implications for management. How can we combine the industrial utopia of mastering the world with a concern for the vulnerability of people? Goethe's solution is a happy ending with the ascension of the purified Faust into heaven. Goethe, after all, represents the ethos of the eighteenth and nineteenth century. His celebration of action and work coincides with the growing industrialization process in Europe during that period. Marx celebrated the proletarian labor force pushed forward by the historical law of irresistible productive power and co-changing social relations. Goethe's celebration of human action is not based on the emancipation of proletarian labor force but on the creativity of genuine entrepreneurship driven by a mix of personal ambition (fostered by Mephistopheles) and a restless search for self-transcendence stimulated by the spiritual forces of life (symbolized by the eternal feminine).

But can this suffice as an ethos for our post-industrial area? I believe we need a much stronger focus on the vulnerability of our planet and of people. Our notion of progress must *not* be primarily embedded in a notion of mastering the world. We need a type of caring entrepreneurship

inspired by a deep understanding of our human condition and the vulnerability of our planet. Despite their differences, Heidegger as well as Levinas can stimulate such a reflective journey. But to remind Goethe, in the beginning is the deed. Reflection has to be embedded in a concrete practice of relational economics, servant leadership and sustainability. To avoid escapism, future managers need the concrete confrontation with the most vulnerable forms of life upon our planet. Philemon and Baucis and other stakeholders deserve a better future.

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Notes

1. For an overview of Levinas criticism on Heidegger, see Bouckaert, L. (1970), *Ontology and Ethics: Reflections on Levinas' Critique of Heidegger*, *International Philosophical Quarterly*, X(3), 402–419.
2. For a positive philosophy of vulnerability, I am heavily indebted to the writings of Emmanuel Levinas, Albert Schweitzer, Satish Kumar and Mahatma Gandhi. Luigi Bruni (2012) has been among the pioneers to apply the positive notion of vulnerability to the field of economics.
3. Easterlin was the first economist to put into question the assumed correlation between growth of income and happiness. In 1974, *Easterlin* found that in international comparisons, the average reported level of happiness did not vary much with national income per person, at least for countries with income sufficient to meet basic needs. Similarly, although income per person rose steadily in the United States (between 1946 and 1970), average reported happiness showed no long-term trend and declined between 1960 and 1970. The self-evident correlation between economic growth and happiness was broken. The Easterlin paradox was the start of an ongoing body of empirical research, called happiness economics.
4. The German 'Sorgenlast' has been translated as "care." Worry would be a better translation. Colins Cobuild *English Language Dictionary* defines worry as 'the state or feeling of anxiety and unhappiness caused by the problems that you have or by thinking about unpleasant things that might happen.' That is exactly what this allegorical character does with Faust: create a state of anxiety.

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Getting to the Heart of Compassion in Philosophy and Economic Life

Kevin T. Jackson

The paper links philosophical reflection with business-and-society considerations concerning a culture of compassion for economic life. The initial part of the paper explores the philosophical genealogy of the concept of compassion, revealing it as a primordial feature of the human condition, albeit a feature subject to a variety of interpretations. In the analysis, the paper highlights several tensions attending alternative interpretations of the concept of compassion that appear across ancient, medieval, modern, and postmodern treatments in the Western philosophical tradition. The paper then proceeds to extend some of these interpretative perspectives on compassion into contemporary economic life, focusing on hybrid social enterprise.

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Compassion is a problematic notion for mainstream business. In comparison to those who are compassionate, kind, and merciful, those who are successful in asserting themselves and in having things go their own way typically seem to attract the most attention and praise in the business sphere. Indeed, displaying compassion in the presumably tough, competitive context of running a profitable business is often portrayed in popular culture as a sign of individual weakness. Moreover, it is sometimes alleged that compassion is too fragile to withstand the forces of self-interest, that ultimately people will stop giving when they feel financially squeezed themselves (Kaus 1999; Marks 2007). Further, it is thought by some that compassion is not a satisfactory substitute for distributive justice because it is at best merely a discretionary kindness the rich and powerful extend to the poor and vulnerable, not an obligation binding on all (Dionne 2001; Marks 2007).

So in the face such objections it is important to critically scrutinize the notion of compassion and related, albeit distinct, ideas such as mercy, empathy, and forgiveness.¹ Doing so, I suggest, reveals a deep sense of strength, not weakness, associated with these concepts, suggesting that, particularly in the context of economic life, compassion ought to be valued as a virtue of character, not disdained as a sickness of the soul.

Moreover, understanding the primordial nature of compassion, it is proposed, reveals that compassion, properly understood, engages with justice and enlightened self-interest in subtle ways that, contrary to the skeptical objections, support new approaches to the meaning and higher ends of business being pursued within an economy of mutuality paradigm, a conceptual framework I have developed in previous research (Jackson 2017). A key tenet of such an approach is that compassion is a central characteristic of *homo reciprocans*, grounded in mutuality and gratuitousness—not *homo economicus* grounded in egoism and greed.

In this connection, the paper explores the philosophical genealogy of the connected notions of compassion, mercy, and beneficence. In the analysis, I highlight the persistence of several tensions attending the selected philosophical treatments of concept of compassion, as seen in Fig. 1.

A point of departure is provided by a consideration of a primordial existential standpoint: one's sense of compassion for those who are suffering. Being in such a state is conveyed by the Latin term

Emotion	Reason
Weakness	Strength
Context	Universality
Secular	Religious/Spiritual
Subjective	Objective
Monologic (Self)	Dialogic (Other)
Justice	Love/Mercy/Forgiveness
Exchange logic	Gift logic

Fig. 1 Key tensions attending the concept of compassion

miseriordia. Literally, the word means having your heart (*cor*) with the poor (*miseri*). So *miseriordia* signals being in an existential place where your self-centeredness is transcended, where your heart is directed not merely toward your own self but toward others, particularly those who are poor or needy in some way. Having this kind of self-transcendent attitude aimed at others does not constitute a weakness but rather a special kind of strength. The strength consists in the way that one breaks free from being chained to, controlled by, one's own ego or narrow state of self-absorption. There is a widening or expansion of the self which, in existential terms, is self-actualization. The self thereby takes on a freedom from itself and is hence stronger because it can attain self-determination in the sense of being capable of overcoming itself.

1 The Genealogy of the Concept of Compassion in Western Thought

Interpretations of compassion in ancient philosophy are controversial. In *Apology*, Plato contrasts the emotions triggered by compassion with conduct formed by reason and justice. Considered as an emotion, the problem is raised that a judge's feelings of compassion for an accused might lead away from imposing the correct sentence (Plato 2002a: 34; b: 415).

Aristotle provides an account of compassion that is associated with one's apprehension of undeserved suffering on the part of another. This affects us, Aristotle asserts, since we can identify with the other in compassion: the suffering of someone else could very well happen to me. In *Poetics*, Aristotle asserts that the hero's fate in tragedy impacts our compassion and fear so as to lead to inner catharsis (Aristotle 1997, 1449b).

By contrast, Stoic philosophy portrays compassion as a kind of irrational malady of the soul. For the Stoic mind, reason must rule over the emotions, so to give in to feelings of compassion would be incompatible with that ideal. The Stoics see wisdom as involving an absence of emotion or distress, both in the face of one's own tribulations and those of others. Nevertheless Stoicism values such dispositions as assistance, philanthropy, and clemency (Seneca 2009: II, 6).

Augustine delivers a well-known attack on the Stoic ethic of mercy in his *City of God*. For Augustine, God inscribes Golden Rule onto the human heart. Augustine takes *miseriordia* to carry the meaning mentioned earlier, which is having one's heart with the unfortunate—that is, the poor and distressed in a broad sense (Augustine 1958, Chapter IX, Book 5).

For Aquinas, compassion is taken as a condition of an unhappy heart in response to the misery of another. However, compassion and mercy are effective as well as affective dispositions that seek to overcome deprivation and suffering. Such a portrayal is vital to a comprehension of the compassion and mercy of God (Aquinas 1948: pt. I, q. 21). God is not a civil servant applying laws established by some higher authority; rather, as sovereign Lord, God acts pursuant to his own loving kindness. Mercy does not operate to suspend justice, but instead transcends it. So understood, mercy amounts to the fulfillment of justice (Id.)

For Rousseau, compassion enables one to place oneself in social relation to others. The concrete concern in caring for some particular suffering person is shifted in Rousseau's outlook to universal concern, universal philanthropy, and universal love and caring for humankind (Rousseau 1979, Bk. IV: 221–224). Jonathan Marks' study establishes that for Rousseau, compassion, while weak, is not excessively so but rather just enough (Marks 2007: 727). Compassionate feelings and conduct are some of the less threatening remnants of the unsafe natural human inclination to magnify the self and to wield strength and

power. As well, it is not necessary for compassion to be any stronger than it is since it is but one of several passions that engage our concern for others, prompting us to take action for their sake. Thus, both friendship and gratitude make up for any shortfall on the part of compassion. Nevertheless, Rousseau does not deem compassion to be a replacement for justice, even when it teams up with other passions (Id.). And while compassion may appear to fall prey to indiscriminating² tendencies, these do not necessarily overpower reason. Actually self-love would be more inclined to do that. Rousseau illustrates in *Emile* the way compassion adjusts and itself undergoes transformation *by reason* both for *the individual's good and for that of others* (Marks 2007: 727–728).

Whereas for Hegel, compassion extends beyond sympathetic emotion to recognizing the dignity that extends to those in a condition of human suffering (Hegel 1975: 1198). Influenced by Buddhism, Schopenhauer presents compassion as a finding of one's own within the other, eclipsing division between "I" and "You." It is compassion that constitutes the foundation for Schopenhauer's ethics. Compassion arises from being aware of another's suffering, which Schopenhauer portrays as a type of knowledge that is felt. Compassion arises out of awareness that individuation is only phenomenal. Hence the moral outlook involves gaining a deeper knowledge than what comes from an ordinary way of seeing the world. One's feelings of compassion amount to a felt knowledge that another's suffering constitutes a reality commensurate with one's own suffering in that the world of itself is but an undifferentiated whole. According to Schopenhauer, such knowledge is unteachable and basically incommunicable. Instead, it will only come about through experience. As such, compassion is part of the very mystery of ethics (Schopenhauer 1965: 170). A just person may be distinguished from a good person not in terms of any property of their actions but rather by the degree of compassion they have. In the case of the just person, he or she is able to penetrate through the principle of individuation sufficiently to keep from bringing harm to another. For the good person, he or she can see through even more, such that the suffering she perceives in others affects her virtually as much as her own. This kind of good person goes further than avoiding harm to others, actively seeking to lessen the suffering of others. Indeed, some people are able to see the

suffering of others with so much clearness that they will willingly sacrifice their own well-being for that of others if through so doing the suffering assuaged offsets the suffering to be withstood. To Schopenhauer this represents the apex of moral conduct.

Kant, in alignment with a Stoic rejection of any sensual motivation for compassion that might be based on feelings or emotion, develops instead a rational ethics of obligation. Critical of universal ethical systems based on feelings such as compassion, Kant argues that it is not emotion, but comprehensible rational reasons that constitute the compelling force for ethical behavior of rational beings. Nevertheless, Kant maintains that there is an indirect obligation to cultivate compassion since otherwise “the thought of duty alone would not be sufficient” to inspire our active sharing in fate that others confront (Kant 1964: 126).

In an attempt to overcome the Kantian subject as starting point, in favor of the objective, the phenomenological approach was spearheaded by philosophers such as Husserl and Scheler. In turning attention toward objective reality, and also toward objective interpersonal reality, the phenomenon of empathy became a focal point (Husserl 1988). Indeed, Edith Stein, who was a student of Husserl, published an important work on this topic (Stein 1917). For Scheler, in delivering a phenomenology of compassionate feelings, the sympathetic response to the suffering of another is a primordial human phenomenon that is expressive of a personal relationship with the other (Scheler 2008). This constitutes genuine compassion, as opposed to what he calls a sheer infection of feeling.

From the perspective of thinkers of the Frankfurt School, especially Horkheimer and Adorno compassion is important especially from a standpoint of solidarity with the suffering of oppressed people (Horkheimer and Adorno 1972). Extending further into a dialectical portrayal, Walter Schultz sees compassion as the only force against cruelty, which depersonalizes and degrades people into objects of destructive desire. For Schultz, the moral authority of compassion constitutes “the very final possibility for saving the human person in his or her ‘naked existence’ in the face of the direct negation of this existence” (Schultz 1972: 751).

Extending yet further away from the subject referential phenomenology established by Husserl, writers such as Martin Buber presented a philosophy of dialogue. Such a standpoint considers humans not as monologic but instead dialogic moral agents that fundamentally exist within relationships. For Buber, this viewpoint is expressed in his famous analysis of the primary relational attitude “I-Thou” (Buber 1958). Buber states that there are just two modes of encounter with the world: I-It and I-Thou. In the I-It relation, the other is an object perceived by the observer. In the I-Thou relation, there is an immediate and direct encounter that happens through dialogue.

A variety of viewpoints on compassion come from philosophers of the postmodern period concerned with critique of prevailing social praxis and economic exchange dynamics, including Levinas, Foucault, Derrida, and others. Thus, Levinas rejects the central place of ego as a subject capable of making moral judgment and apprehending moral truths and values, replacing it with a prior obligation to respond to claims of others. In this way, the relation of love and justice is considered, and compassion and forgiveness take on a fresh significance (Levinas 1969; Hand 1994).

Foucault, on the other hand, directs his critique to authoritarian and totalitarian structures of modern thought, seeking to disclose implicit structures of power. In this way, Foucault presents a critique of the logic of economic exchange processes that are based on the notion of abstract justice. Yet in proceeding from such an abstract conception of justice involving a parity that calls upon reciprocity, Foucault avers that extant social praxis and economic exchange logic (of series of “trans-actions”) do not bring about justice to the individual (Foucault 2010).

Also relevant to the subject of the abstract idea of justice is the perspective of Derrida, who asks how can a perfectly just God forgive violators without doing violence to victims—who themselves may not necessarily agree with God’s acts of mercy and forgiveness? In approaching the problem of balancing justice and forgiveness, Derrida positions justice as transcendently above positive law. As such, one cannot decide in any a priori or purely abstract fashion precisely how justice ought to be applied in the context of positive law, where it takes on a concrete

aspect. For Derrida, justice stands on the “other side of law”—it is always in process of becoming. Justice is played out as a mystical, performative authority; perfect justice is unrealizable within any legal order. “A decision that did not go through the ordeal of the undecidable would not be a free decision, it would only be the programmable application or unfolding of a calculable process” (Derrida 1992: 24). So paradoxically there is no point at which a decision can be deemed completely just. For either the decision does not follow a rule, and is therefore unjust; or the decision does follow a rule, yet lacks a foundation (is discretionary, arbitrary), rendering it once again unjust; or if it followed a rule, then it was simply calculated (a judge strictly following a code is a mere “calculating machine”), and accordingly also unjust because it does not respect the singular nature of the case. The relentless character of this injustice illustrates why the affliction of the “undecidable” does not pass away, but instead returns again and again like a “phantom” that “deconstructs from the inside every assurance of presence, and thus every criteriology that would assure us of the justice of the decision” (Derrida 1992: 24–25).

Ricoeur offers a contrast between, on one hand, reciprocal and distributive justice and, on the other hand, love, which he posits as being in a state of unconditioned solidarity with and also an affirmation of the other. In this way, love goes beyond a logic of exchange to express an economy of gift. For Ricoeur, economy of gift is tied to the logic of abundance as opposed to the logic of exchange that is characterized by calculation and parity. However, not only is it impossible to impose love as a norm upon society, following economy of gift would only serve to threaten social unity. Therefore, a corrective from justice, itself geared toward economy of exchange, is needed. Ricoeur posits an ideal of justice centered on care and concern for the well-being of the other. This encompasses love that extends past economy of exchange or equivalence into economy of gift yet involves tension between the two (Ricoeur 1995: 315–321). There remains, for Ricoeur, an irreconcilable opposition between economy of exchange and economy of gift, whose resolution points to an eschatological project.

These opposing poles of economy of exchange and economy of gift identified by Ricoeur constitute two alternative *modus operandi*

mediated by a third—one that I have termed “hybrid economic logic” and associated with a genre of social enterprises situated within the crossbreed economy. The nature of this crossbreed economy, in relation to market economy and social economy, is deconstructed in my recent research project on economy of mutuality (Jackson 2017).

To summarize the analysis presented thus far, two key points are prominent. The first point is that compassion is a primordial feature of the human condition. The second point is that compassion figures elementally into how one approaches the oppositions between monologic and dialogic (self and others), between justice and mercy, and between acts of commercial exchange and acts of gratuity. We will turn now to consider the implications of the primordial status of compassion thus conceived for contemporary business life within economy of mutuality and the promise of social impact it carries.

2 Compassion in Relation to Economy of Mutuality

As a transition point, now that we are equipped with a set of philosophically based accounts collectively pointing to the primordially of compassion, we will use that construal as a springboard for the premise that compassion, while admittedly an interpretatively contestable notion, is nevertheless *foundational* to economic life. This premise is established by situating the concept of compassion in relation to economy of mutuality and social enterprise. We shall then penetrate further, returning to some objections mentioned in the Introduction commonly leveled against the idea that compassion matters in business and economics. In the course of responding to the objections, the way compassion ties in to economy of mutuality will be clarified and given a context showing its relevance to contemporary economic life.

I have elsewhere (Jackson 2017) presented the concept of economy of mutuality (EoM) with the intention of forging a new way of understanding business enterprise, offered to refute the common argument that the only purpose of business is to maximize profit (Duska

1997; Handy 2002: 51). Economy of mutuality draws upon currents of thought within virtue ethics and Catholic Social Thought to offer something bold and innovative for business ethics scholarship. Part of its distinctiveness comes from extending these currents of thought forward to confront contemporary trends in business (such as microfinance and social enterprises) springing from a sustainability paradigm (Daly and Cobb 1990; Wals 2007) and seeking to merge financial and social imperatives of business (Paine 2003). Another facet of EoM’s distinctiveness is attributable to the comprehensive stance it takes in a quest to bring about what Pope Benedict XVI termed a “new humanistic synthesis” (Benedict XVI 2009: 21).

An overarching objective of economy of mutuality is to offer rudiments of a theory of enterprise where businesses are understood to be in the service of integral human development, mutuality, and reciprocity. The argument most relevant to the present article is as follows. If, as has been proposed (in Part I), compassion is a primordial feature of the human condition—a feature directly engaged in the mediation of such aporiatic relations as monologic (self) versus dialogic (other), justice versus mercy, and exchange versus gift, then compassion is embedded within the elements of integral human development, mutuality, and reciprocity identified by EoM to be at the heart of economic life. These distinctively compassion-engaged dimensions are indicated in Fig. 2.

Transcendent <i>telos</i> (across archetypes)	Reciprocity; integral human development		
Philosophical anchors	Social solidarity & interdependence, cultural capital, <i>homo reciprocans</i>, common good, virtue		
Pro-social end	Mutual benefit; shared value; gratuitousness		
Proximate end	Assistance, welfare	Development	Profitability
Modus operandi	Logic of gift	Hybrid economic logic	Logic of exchange
Sector	Social economy	Crossbreed economy	Market economy
Business Enterprise archetype	Charitable/nonprofit Enterprises (archetype 3)	Social Enterprises (hybrids of archetypes 1 & 2; 2 & 3)	For-Profit Enterprises (archetype 1)

Fig. 2 Economy of mutuality: Philosophical architecture (Source Jackson 2017: 187)

Consequently, from the standpoint of EoM compassion is properly situated at the core of business, and extending across all archetypes, considered in light of its higher (and even highest or transcendent) ends.

Over the last several decades, the boundaries separating profit-based and nonprofit enterprises have been taking on a greater permeability. And a variety of enterprises have developed that exemplify features from both market economy and social economy (Dees 1998; Boyd et al. 2009; Billis 2010). Behind this *hybridization of business enterprises* is a blending of the logic of commercial exchange (Benedict XVI 2009: 36), normally associated with the for-profit sector, with the logic of gift (Benedict XVI 2009: 34) typically associated with the nonprofit sector. Whereas the logic of commercial exchange is conventionally driven by principles of profit maximization, mutual gains, and the pursuit of financial sustainability, the logic of gift is conventionally driven by principles of charity, solidarity, and the pursuit of social sustainability. The logic of gift is also directly driven by compassion, as shown in the analysis of Ricoeur (1995).

3 Compassion in Social Enterprise and Shared Value Creation

Further inquiry into how compassion comprises an integral feature of the higher end of hybrid enterprises may be undertaken by reference to emerging models such as Mohammad Yunus' social business (Yunus 2007, 2011) and Michael Porter and Mark Kramer's theory of shared value (Porter and Kramer 2011). As well, responses to objections may be given with reference to specific features of such models. To recapitulate, the objections hold that: (i) Compassion is a weakness of character, ill-suited for the toughness of the competitive marketplace ("dog-eat-dog"). (ii) Compassion is too fragile for business because donors may stop their discretionary giving. It is sometimes argued that compassion—which opponents associate with practices like perpetual giving and discretionary philanthropy—is unable to withstand the countervailing forces of self-interest. The objection asserts that compassionate giving

is not sustainable: ultimately people will stop giving when they feel financially squeezed themselves (Kaus 1999; Marks 2007); (iii) Further, it is thought by some that compassion is not a satisfactory substitute for distributive justice because it is at best merely a discretionary kindness the rich and powerful extend to the poor and vulnerable, not an obligation binding on all (Dionne 2001; Marks 2007).³

Responses to these objections will emerge in the course of discussion of social enterprise and shared value theory.

Yunus, defines a social business as “a non-loss, nondividend enterprise, created with the intention to do good to people, to bring positive changes to the world, without any short-term expectation of making money out of it” (Yunus 2007: 265–266). The social business is a hybrid in the sense that it grows and develops as a commercial enterprise. While not intended to make profits for investors, it needs to generate enough income to cover its expenses, which includes providing adequate compensation for managers and employees. For Yunus, there is a higher end of the social business—creating social benefits:

In its organizational structure, this new business is basically the same as the existing PMB [profit-maximizing business]. But it differs in its objectives. Like other businesses, it employs workers, creates goods or services, and provides these to customers for a price consistent with its objective. But its underlying objective—and the criterion by which it should be evaluated – is to create social benefits for those whose lives it touches. (Yunus 2007: 21–22)

Profits, understood as a surplus of revenues over expenses, are anticipated, yet not returned to investors in the form of dividends. As Yunus puts it:

The company itself may earn a profit, but the investors who support it do not take any profits out of the company, except recouping an amount equivalent to their original investment, over a period of time. A social business is a company that is cause-driven rather than profit-driven, with the potential to act as a change agent for the world. (Yunus 2007: 22)

Yunus advocates a “total delinking from the old framework” of profit-maximization (Yunus 2011: 14). What Yunus offers potential investors, who recoup funds invested while relinquishing a return on investment, is the chance to partake in the logic of gift.⁴

This represents a dynamic where the principle of gratuitousness is at work: personal acts of donation creating relationships in which further exchanges of various sorts become possible (Faldetta 2011). Besides the Grameen Bank, Yunus and his associates have diversified into other social enterprises, partnering with companies like Groupe Danone, to market a yogurt product that aims to ameliorate nutritional deficiencies of poor children at an affordable price.

Yunus (2011: 33–56) used the Grameen Bank’s expertise in social networking among rural poor to develop Grameen-Danone, an independent social business. Operating with a social enterprise archetype, Yunus shows how it is possible to go beyond conventional thinking about philanthropy and corporate social responsibility (CSR). Groupe Danone is not a donor, and Grameen-Danone is not merely a CSR feature of the Groupe. The new company is independent and autonomous, yet with substantial investment and expertise put up by Groupe Danone. The partnership materialized thanks in large part to Yunus’ ability to persuade Group Danone’s management that they could not participate in solving social problems effectively within the framework of a traditional profit-maximizing enterprise.

Yunus believes that people who might be donors to various charities or supporters of CSR policies are drawn to investing in social businesses, provided they are sufficiently well designed and managed to produce and distribute social benefits more efficiently than conventional alternatives. This point effectively repudiates the objection about compassion’s fragility. The social business, motivated by compassion, leads to an enduring business relationship based on mutual self-interest, not on discretionary giving. Yunus’ approach is not based on perpetual philanthropy—rather, it is based on providing opportunities for the poor to invest and work. Compassion relates to the motivation of the “banker” (e.g. Grameen bank) to act as a business partner (hybrid archetype in EoM) rather than to occupy the role of a charitable donor (nonprofit/charity archetype in EoM).

Porter and Kramer (2011) propose a new approach to aligning business and social good with the end of creating shared value. Their argument is that by proceeding from received capitalist postulates, business has lost social legitimation. The abandonment of legitimation stems from focusing on short-term financial success to the exclusion of customer needs, environmental protection, and community well-being. As an alternative, they endorse reconstituting capitalism. Going further than mainstream approaches, Porter and Kramer envision orienting capitalism away from corporate profit-seeking toward the creation of shared value between corporations and communities (Porter and Kramer 2011).

The conclusion is that a radical alteration of perspective is needed to restore the legitimacy of business. Under the old model, business distinguished between profit and social responsibility. Shared value, by comparison, is about “creating economic value in a way that also creates value for society by addressing its needs and challenges” (Porter and Kramer 2011: 64). Unlike corporate philanthropic efforts, this alternative approach “is not on the margin of what companies do, but at the center” (Id.). In contrast to CSR, shared value mandates that all of an enterprise’s budget be dedicated to shared value. For it is within shared value that business converges with social needs. Since it brings about a positive impact on a community, shared value turns out to be good for the company as well.

To be sure, many changes are required to successfully transition from mainstream capitalism to creating shared value. Among those changes, companies and their leaders must be able to discern important social needs. Moreover, businesspeople must be able to work collaboratively with members of society toward ends that fall within the ambit of their mutual interest. Businesses undertaking commitments to creating shared value must direct efforts at cultivating economic value by generating social value.⁵

On a critical note, one might question whether the motivation behind the identification of social needs stressed by Porter and Kramer is actually that of compassion for the poor and needy. Is it instead just a strategic search to find a business opportunity, involving a profit-seeking strategy that can be systematically (and coldly) pursued in the absence of motives of genuine compassion?⁶

I would argue, against the skeptical criticism, however, that compassion provides a powerful source of inspiration for the kind of entrepreneurial initiatives undertaken by many of the emergent social enterprises. People that are deficient in the virtue of compassion are not likely to have the kind of attentiveness toward the poor and needy that inspires the startling breakthroughs of imagination characteristic of today's leading social enterprises. In a related way, there is also here a response to the objection that compassion is a weakness—the “dog eat dog” argument. In the shared value model, compassion constitutes a competitive strength, not a weakness, in the sense that such a virtue allows entrepreneurs to identify specific areas of social need that can be translated into mutual economic benefit.

4 Conclusion

It is hoped that this paper has opened pathways connecting the philosophical concept of compassion to the practical sphere of contemporary forms of social enterprise and social entrepreneurship. The varieties of conceptions that have emerged from philosophical reflection on compassion from ancient to postmodern eras in the Western tradition confirms a central premise: although interpretatively contested, the concept of compassion is primordial to the human condition. While views of additional philosophers, especially Eastern ones can be added to those presented here, doing so will not change the basic thrust of that premise.

The paper has attempted to relate compassion to at least a rough template of its economic dimension, with regard to the significance of emergent forms of hybrid business enterprise that seem to hold promise for a more compassionate capitalism than traditional forms of capitalism have allowed for. The examples of Yunus' social enterprise and Porter and Kramer's shared value model are meant to be illustrative, not exhaustive. Many other socially engaged business models and initiatives within the spirit of “conscious capitalism” (Mackey and Sisodia 2013) would fall within the scope of this topic: benefit-corporations, certified B-corps, economy of communion, cross-compensation, and market-connection frameworks to name just a few.

The disjunctive character of compassion is reflected in aporias that the economy of mutuality analysis situates across the spectrum of archetypes of business and economic life.

Underneath both Yunus' social enterprise and Porter and Kramer's shared value model is the notion—already anticipated by Ricoeur's philosophical reflections and embedded in the conceptual architecture of economy of mutuality—that the logic of gift and the logic of exchange stand in a relation of tension that involves a *counterbalancing opposing elements* such as the promptings of love with the restraints of justice. Facing that challenge, compassion can constitute a motivation and inspiration for seeking pro-social entrepreneurial business solutions in our deeply divided and profoundly needy world.

Notes

1. Acts of mercy can be distinguished in general from acts of forgiveness (Murphy and Hampton 1988). Whereas demonstrations of mercy are overt, the same is not the case for forgiveness. One can forgive another privately. Moreover, mercy typically has a third-person dimension absent from forgiveness. For example, a manager might simply admonish an employee's delivery of inappropriate humor in the workplace even though a firing could be justified and the manager does not personally take offense from it. In this case, the mercy is shown by a third-party (the manager). Forgiveness, by contrast, is tied to second-person relations. One does not forgive another for offenses they may have caused some third-person. Lastly, mercy is normally tied to some relation of authority whereby one extends mercy to a party under one's power, in contrast to forgiveness, which tends to be interpersonal and separate from relations of authority.
2. The idea of compassion being "undiscriminating" is that it has a tendency to overshadow one's ability to make conventional and reasonable moral distinctions such as that between deserved and undeserved kinds of human suffering.
3. Cf. Richard Rorty (a postmodernist thinker) sees the capacity of the strong "to be moved to action by sad and sentimental stories" as a more

- dependable and defensible support for the powerless than the outmoded idea of human rights (Rorty 1993: 20).
4. Associated with the “logic of gift” are issues concerning how to render a precise distinction between market-economic exchange via pricing systems and instances of reciprocity, for which gift-giving appears to be vital. Anthropological research suggests that what distinguishes market exchange from gift-giving is not the element of expected returns, which can be found in both, but rather the inability of donors to justifiably command counter-gift, even though the same might be wished for or anticipated (Testart 2007).
 5. Examples of specific areas where shared value is created include: health-care, adequate housing, improved nutrition, help for aging populations, greater financial security, and protection of the environment. (Porter and Kramer 2011: 67).
 6. I am elsewhere exploring the implications of this problem of purity of motivation for theories of ethical leadership, in particular, servant leadership.

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Consciousness Approach to Management and Economics

Garry Jacobs

When Franklin D. Roosevelt took over as President of the United States in 1933, he inherited from his predecessor the most severe financial crisis in the history of the country. Since the onset of the Great Crash, the US banking system had been decimated with bank failures. In increasing numbers, Americans rushed to their local bank and lined up for blocks outside the doors waiting impatiently to withdraw their hard-earned savings before their bank too collapsed. By the time of his inauguration, over 6000 banks had failed and the numbers grew at an alarming rate. FDR knew that continuation of the monetary policies of the Hoover administration could not stem the panic. He also knew that nothing he had studied in economics classes at Harvard had prepared him or would help him in this moment of crisis.

Compelled by the desperation of the circumstances, he turned from economic theory to another type of wisdom. As the first act of his

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presidency, he declared a national banking holiday to stop the run on the banks. Then he addressed the American people on radio in the first of what became famous as his fireside chats. He reminded the people of all the capacities that had supported the rise of America to prosperity and global preeminence—its vast extent of land, rich abundance of natural resources, vast industrial infrastructure, continent-size market, and hard-working, talented workforce. All these things still existed. All that had really changed since 1929, leading the country into an economic tailspin was a loss of self-confidence and belief in the fundamental values that had made America great. All that was needed was a change of attitude. In immortal words, he told them, “We have nothing to fear but fear itself.”

At the end of this speech, FDR announced that on the following Monday morning he would reopen the banks. He called on the American people to line up again before the doors of their banks, but this time to reverse the process. He asked them to redeposit their hard-earned savings as a vote of confidence in America and an act of faith in its future. He supported this call with legislative measures to guarantee bank deposits and other steps to stabilize the system. The following Monday the lines did form, the doors opened, the flow of funds reversed, and the crisis subsided.

1 The Importance of Subjective Reality

The remarkable story of FDR has been often cited to stress the importance of an effective national banking system with proper legal safeguards and administrative controls. But its most important message is far deeper. It signifies the fundamental spiritual truth that the objective material economy and indeed all political and social institutions are founded on an underlying subjective reality which is its true basis. That reality consists of the intangible ideas, beliefs, energy, commitment and determination, and trust of people in themselves and their social institutions. That subjective reality is the driver and determinant of all human accomplishment. The highest peaks and deepest core of that reality are represented by a shared knowledge, aspirations, values, and faith that can rightly be called ‘spiritual’.

Spirituality is a vague, nebulous term that means so many different things to different people that it has lost much of its practical utility in this age of scientific materialism, even though the underlying reality it represents grows increasingly powerful in its practical utility, more than ever before. It is founded on a knowledge that is comprehensive, all-inclusive, and integral. For the fundamental truth underlying all our understanding of human beings and society is the essential oneness that binds everything together. No man is an island. None can survive, grow, develop, and evolve without the support of the whole human collective. Our every word, thought, idea, value, belief, skill, capacity, and most cherished tools and technologies are gifts of our ancestors to their descendants. We are incapable of uttering a single idea that is not founded on the legacy of past thinkers extended or applied in a new context. That oneness is the foundation on which all civilizations have developed and on which they continue to evolve. It is based on the profound spiritual insight, common to all spiritual traditions, that the more you give, the more you receive. The more the individual strives to contribute meaningfully to the welfare and well-being of the society of which he is an inseparable part, the more he acquires and assimilates the knowledge, capacity, and power of the collective for individual accomplishment and social achievement. The individual is the catalyst and pioneer for all social accomplishment. The social collective is the nursery and source of all the capacities that emerge as unique capabilities in the outstanding individual. Together they constitute an inseparable oneness (Jacobs 2012).

This is the formula revealed by ancient wisdom and rediscovered in the language of science by the greatest humanistic psychologists of the twentieth century, such as Carl Jung, Abraham Maslow, Rollo May, and Carl Rogers. Recast in modern terms, they describe the process of self-actualization or self-realization by which the most enlightened individuals discover their underlying oneness with the people and world in which they live and translate that into practice in their daily acts. This is also the formula discovered by modern business leaders in their search for commercial accomplishment. In the ruthless competitive business environment of the late nineteenth century where 'buyer beware' was the ruling principle, it motivated Julius Rosenwald to proclaim a new principle and basis for modern business, 'satisfaction guaranteed or your

money back'. That simple slogan, translated into corporate policy and honored in the extreme, propelled the growth of Sears Roebuck from a mid-western mail order house into the largest retailer in the world within 20 years, a position which it retained till the late 1980s. The motto that drove that growth has since become the global standard by which customer service is judged.

Steve Jobs' mission for Apple in the 1980s was to harness technology to empower people rather than dominate or replace them. "Man is the creator of change in this world. As such, he should be above systems and structures, and not subordinate to them" (Javed 2013). In an age when people felt in danger of becoming mechanized by impersonal computers, Apple humanized the machine and made it not only personal but personable as well. Apple converted the machine from a de-humanizing threat into a source of enjoyment. The company's biggest strength was its identification with a fundamental need of modern society. Such needs and possibilities exist in every field and can be served by any company (Harmon and Jacobs 1985).

Spirituality encompasses all values of truthfulness, transparency, honesty, and fairness, but it goes far deeper and higher than a set of ethical principles. Ethics is a creation of the human mind striving to render in finite terms the truths of an underlying reality which is infinite and inexpressible. It is an effort to divide and define in separate concepts a universal reality that is indivisible and all-inclusive. It is an effort to comprehend by the mind's limited powers of logic and reason intuitive truths which defy linguistic expression through linear thinking that compels us to divide reality into finite pieces and communicate it as a succession of separate thoughts in the uninterrupted flow of eternal time. The foundation of spirituality is not a specific set of doctrinal beliefs, but the direct experience of the consciousness of the unifying reality underlying, constituting, inhabiting, and progressively manifesting in and through everything.

2 Economics and Management

The capacity of mind to divide and analyze the whole has been a powerful tool for the advancement of science and technology. But it has also been the source of its greatest limitations and deficiencies. For the

tendency to view things as separate truths independent of one another blinds as well as enlightens and generates side-effects and unwanted consequences that often exceed the benefits generated by our analytic power. Economic thought has developed by a progressive division of human economic activity into smaller specialized subdisciplines, illuminating like a microscope the remarkable secrets of the infinitesimal, while progressively losing sight of the whole of which every part is an inseparable component. Thus, the original discipline of Political Economy founded on the inseparability of economics from law and governance eventually gave way late in the nineteenth century to the perception of Economics as a separate discipline, as if it were possible for any economic system to exist independent of the political and legal institutions on which it is founded. A century later a similar divorce gave rise to the view of financial markets as an independent reality, separate from the real economy which they were established to support and the welfare of humanity which they were intended to serve. Theoretical interdependence between economics and ecology was not recognized until FA Soddy laid out in his book “Wealth, Money (Virtual Wealth) and Debt” in 1926 and did not gain a serious following until after the founding of Ecological Economics in the 1960s. For two centuries economics developed without a theoretical framework that encompasses the integrality of all life on earth and the dangers explicit in viewing economics in isolation from its social and environmental interdependencies and consequences.

The same is true of business management. The division of management studies into innumerable subcategories and specialized fields has enhanced the power of the parts while losing hold on the underlying unity of the whole. This was a natural consequence of the effort of early management scientists to apply the principles of mechanical engineering and systems thinking to the study of human activities (Shenhav 1995). Market, technology, finance, people, and organization are not parts or subassemblies of a machine that can be taken out and replaced at will. They are organic components of an integrated living whole as inseparable from one another as the respiratory, circulatory, nervous, muscular, lymphatic, and skeletal systems of the body which medicine divides conceptually for the purposes of study but which defy piecemeal medical remedies. The physical body itself is an organic whole

inseparable from the emotional and mental being—as dramatically demonstrated by the Placebo Effect and faith healing—and also inseparable from the social and physical environment in which it is situated, as documented by psychological research. For a company to focus on providing value to its shareholders at the expense of its employees or maximizing profit at the expense of providing real value to people and society is as blindly shortsighted and doomed to eventual collapse as the short-lived experiment in Soviet communist autocracy or Apartheid in South Africa. *Mental knowledge is always fragmented.* Much more so when it is narrowly focused on pursuing egoistic self-aggrandizement. True spiritual knowledge is organic, inclusive, and integrated. And there is much more.

3 Challenges Are Opportunities

The wholeness and integrality of a business and the subjective foundations on which it is based are clearly illustrated by the experience of Chrysler Corporation in the late 1970s. Lee Iacocca took over as president of Chrysler at a time when the onslaught of fuel-efficient, low-priced, high-quality Japanese cars was making serious inroads on the American automotive market. As the third largest US carmaker, Chrysler was least prepared to survive the challenge. The outlook was so bleak that the consensus of Wall Street and Detroit analysts was that the company would be bankrupt within six months. At that time, I was part of a small research group that undertook an independent assessment of Chrysler's situation and came up with a different prognosis. In a report of recommendations submitted to Iacocca, we granted the possibility of bankruptcy if the company persisted on its current course. We also emphatically insisted on the prospects of a rapid and radical reversal of the company's position provided it fully addressed its weaknesses and fully harnessed the immense latent capacities that the analysts overlooked. Iacocca appreciated this lone voice of encouragement. During the period 1978–1980, Chrysler lost \$3.3 billion, more money than any company in the history of the world up to that time. During the following three years, the company earned a net profit of \$3.3 billion,

more than it had earned during the previous 59 years of existence. Iacocca did it by discovering and unleashing the latent potential that lies untapped in every corporation (Harmon and Jacobs 1985).

Nor is this a unique case. After being thrown out of Apple by the Board of Directors in 1984, Steve Jobs went on to establish NeXT Computer with an investment of \$50 million, but never succeeded in making its products or the company financially viable. He then bought Pixar and converted a \$7 million investment into a \$7 billion return by the time it was sold to Disney in 2006. But his biggest challenge and accomplishment was yet to come. In 1996 Apple acquired NeXT for \$400 million in order to obtain its operating system, and invited Jobs back, first as adviser and then as CEO for a second time.

Apple's situation was indeed bleak and desperate. Its market share in the United States had dropped from 25% at the time Jobs left the company to under 5% when he was brought back. Apple's share value plummeted by 25% in the year after Jobs left and by a total of 60% before his turn. By then Microsoft had launched Windows 95, its best and first competitive alternative to the Mac GUI operating system. Michael Dell, by then the founder CEO of the most successful PC company in the world, summed up the general prognosis for Apple. He told the press that his advice to Jobs as CEO would be to liquidate all the assets of the company and return the value to the shareholders. Contrary to universal expectations, over the next decade Apple launched the iMac, the iPod, the iPhone, and the iPad to become the most valuable company in the history of the world.

It is right to recognize the indispensable contribution of a single individual to this miraculous turnaround. Steve Jobs is an embodiment of the spiritual principle that one person can change the world. But it would be a gross oversight not to also perceive the other spiritual insights illustrated by the case of Apple. For it also illustrates the spiritual power behind the aspiration of the human spirit for freedom, empowerment, and mastery, rather than passive submission to the machinery of technology and mechanisms of social organization. Jobs perceived the powerful stirrings of a deep evolutionary social movement and Apple delivered creative, new products to meet it. Apple's collective accomplishments, like those of Leonardo da Vinci and the Italian Renaissance, exemplify the virtually infinite potential for innovation

and creativity, which are perhaps humanity's closest approach to divinity, for they reveal the infinity of unmanifest potential which is the spiritual fount of all creation in the universe (Jacobs 2013).

Many other individuals have made dramatic contributions to corporate turnarounds, such as Dan Hesse, who became CEO of Sprint Nextel in 2007. Over the next seven years, he reversed the company's falling customer base and raised Sprint from last to first in customer satisfaction in the US wireless industry. In 2014, Sprint was rated the American company whose customer service had improved most over the previous six years in all 43 industries studied (Sprint 2012).

Founded in 1966, Best Buy, the brick and mortar American multinational electronics retailer, has not only defied doomsday theories but is ahead of Amazon in terms of digital electronics sales. Back in 2012, the retail conglomerate had become outdated, and stores were losing money. Hubert Joly turned the situation around when he stepped in as CEO in September 2012. His strategy focused on better customer support, price matching, training programs for staff, and speeding up delivery time. Best Buy's share price has increased 271% in five years at a time when most of its rivals have shut down completely.

With more than a century-long history, Fiat entered its most serious crisis period in 2002 when its share price collapsed. Its market cap was only \$6 billion in 2004 when Sergio Marchionne, a lawyer and accountant by training, was appointed CEO of the ailing company. He challenged assumptions, defied conventions, followed a strict work ethic, made his staff accountable and responsible for their work, and created a committed workforce. He shrank the time to market for Fiat's new city car, the Cinquecento, from four years to just 18 months. Fourteen years later, Fiat's market cap is \$36 billion.

Management science has so far tended to focus on the objective external elements of the discipline by attention to the importance of structure, strategy, systems, and their accompanying offshoots and corollaries. But as every successful business leader knows intuitively and experientially, the intangible subjective dimensions of management, aspiration, determination, energy, vision, leadership, organization, attitudes, skills, and values constitute the foundation and driving force for accomplishment in business as in all other fields of life.

4 Energy Conversion

The discipline of Management has yet to emerge as a real science. It consists primarily of a collection of isolated but profound insights into different factors that contribute to productive and effective human relationships through social organization and a powerful toolbox of instruments for improving the performance of each individual dimension of the people, organizations, and activities through which these relationships are effectuated. But it has yet to make explicit the underlying process of creation by which human beings convert apparently limited resources into endless opportunities and unlimited accomplishments. And that process is spiritual in the sense that it is the very same process which expresses at the level of the individual, the organization, the society, and the wider existence of universal Nature in which we exist, grow, develop, and evolve.

That process can be summarized concisely as a process of human energy conversion. During a study of Intel in 1984, my first interview was with the CFO. And the first word out of his mouth in response to my first question about the basis of Intel's remarkable success over the past 15 years was a word never found in management textbooks up to that time—energy. "Energy is certainly one of the striking characteristics of this company" (Harmon and Jacobs 1985; Quinn et al. 2012).

In our research on twenty of the top performing American companies of all-time, we found that energy was universally present as the essential driving force and fuel (Harmon and Jacobs 1985). The capacity of an organization to generate, release, focus, direct, and transform human energy into perfect execution is the universal process behind all individual, corporate, and national accomplishment. And the source of that energy is always something deeper and less tangible which can be variously termed as awareness and aspiration, consciousness and force of consciousness. Aspiration releases Energy. Awareness of opportunity and commitment to values focus that Energy into a directed Force for application. Organization harnesses, channels and translates the Force into Power through simultaneous systematic, synchronized, skilled actions to achieve results. This is a process of creation that governs the artistic creations of a Leonardo or Beethoven, the theoretical discoveries of a

Newton or Einstein, the political leadership of a Churchill or FDR, the athletic achievements of a world champion team, the achievements of an Apple or Google, the unceasing innovation and prosperity of the US economy over the past century, and the actions of all human endeavor, individual, and collective, from the smallest and simplest to the most universal and complex (Jacobs and Macfarlane 1990).

Viewed historically, it is the process that explains the evolution of *Homo sapiens* from their hunter-gatherer origins in the primeval forest to their present-day explorations of outer space and cyberspace (Cleveland and Jacobs 1999).

Superficially, this process appears as an action of creation or materialization of achievements out of void of nothingness. At its foundations, it is a process of consciousness, *not* a mechanical process governed by chance and necessity. Consciousness is the origin and driver and consciousness is the inescapable characteristic of all that human beings regard as spiritual—regardless of whether we view that creative process as the act of an external anthropomorphic divinity, as a fundamental property inherent in material substance, as the origin and highest source of mentality, or as some indefinable inexpressible transcendent Infinite and Eternal (Jacobs et al. 2014).

5 Value of Values

Energy conversion is the process applicable to all management of all human activities, individual and collective. But the process admits of innumerable variations in type, quality, and quantity, for each stage of the process is influenced by so many factors and each factor is subject to so many grades of quality and magnitudes of intensity that the potential results of the process are virtually infinite. How else could we explain the emergence of Apple from a \$5000 local startup in Jobs' garage into a global corporation with a just under \$900 billion market cap in four decades or the development of 13 original colonies into global superpower in two centuries? Something more and other than mere energy, force, and intensity must be at work.

The essence of that something is values. Energy provides fuels. Values determine the ultimate level of accomplishment. Here too, we need to understand the word in a wider and more fundamental manner than is commonly intended in discussions about ethics and spirituality in business. Values are an expression of what we regard as valuable. The height and power of those values depend on the intensity and sincerity with which we value them. These values may be physical values, such as cleanliness, orderliness, quality, accuracy, punctuality, efficiency, and beauty. They may be organizational values such as standardization, systematic functioning, communication, coordination, integration, cooperation, and teamwork. They may be ethical values, such as honesty, integrity, truthfulness, and fairness. And they may also be psychological and spiritual values, such as harmony, goodwill, service, love, sincerity, and the pure delight of self-giving. But in essence, all these values have something in common. They are all expressions of the quest for perfection—perfection in physical form, in social relationships, in human intention and action toward others, in pursuit of a greater than human perfection of character, aspiration, and consciousness. But regardless of the level in which they express, they represent the pursuit of perfection in life. Perfection is the common denominator behind all conceptions of spirituality. The capacity to complete any act perfectly, no matter how small or apparently unimportant, is an expression of spirit. The skill required to translate energy into perfect execution of any value is a spiritual skill (Harmon and Jacobs 1985: 48–77).

Values embrace all aspects of life and encompass the subjective as well as the objective dimension. But apart from their specific individual relevance, they always reflect on and refer back to a whole that is greater than the sum of its parts. For the implementation of any value necessarily requires the implementation of many others. The perfect manifestation of any value requires a perfect manifestation of the whole which is one. Values represent totality, wholeness, openness, and perfect perfection which is an expression of the highest conception of spirituality.

6 Contradictions Are Complements

Life presents itself to us in the form of a host of apparently irreconcilable contradictions. Management is the act of trying to reconcile contradictions. In business it seeks to produce the highest quality product at the lowest price, to meet the expectations and preferences of customers in a manner that is rewarding to shareholders, to act intelligently based on limited information, to minimize expenditure while generously incentivizing and rewarding high performance, to supply present needs while striving for continuous improvement and innovation, to plan for unexpected future events while acting in the present moment, to compete with other companies while at the same time cooperating for the benefit of the whole industry or society, and to serve society while profiting by that service.

In this sense management in business is a specific expression of the universal challenge posed to humanity to transform contradictions into complements. For all life confronts us with the apparent contradiction and inherent necessity to reconcile the rights and welfare of the individual with those of the collective, knowledge and development of the part with the fullest development of the whole, freedom of action with form and structure, freedom of choice with social responsibility, structure of systematic organization with plasticity for innovation, quality with quantity, personal fulfillment with professional accomplishment. It is in this sense that the Indian sage Sri Aurobindo wrote 100 years ago, “All problems of existence are essentially problems of harmony. They arise from the perception of an unsolved discord and the instinct toward an undiscovered agreement or unity.” There he explains how the direct opposition of apparently contradictory elements is part of Nature’s profoundest method and the seal of its completest sanction (Aurobindo 2013: 2).

7 Consciousness Responsibility

Spirituality in its widest and fullest application cannot be restricted to any limited set of ideas, doctrines, philosophies, beliefs, and practices. That which pertains to the Infinite must necessarily be infinite in its

dimensions, aspects, and manifestations. But in order to be practicable by the individual or the organization, spirituality has to lend itself to fundamental principles that can be applied universally regardless of space, time, and circumstances. Among those, a few stand out as a great practical value to those seeking to achieve socially responsible management in business.

First is the principle of responsibility. In normal terms we regard the word as applicable to things that result from the choices we make, are under our control, are subject to our decisions and our actions. For how can we be held responsible for that which lies outside our sphere of life? Second is the relationship between the subjective psychological and spiritual dimension of our own being—our aspirations, intentions, motives, attitudes, and values—and the circumstances and events that take place around us. For what possible control and responsibility can we have for the chance events, accidental circumstances, and compelling necessities that come to us from life?

A spiritual view of life and management regards these two as inseparably interdependent. For it is based on the premise that the outer objective conditions in which we live and act and the inner subjective conditions that constitute our personal consciousness are intimately related with one another. The outer world influences and in most circumstances shapes, defines, directs, and limits our consciousness. Spiritual wisdom through the ages maintains that this is not always true. The essence of spirituality is to discover that reality within ourselves that is not determined by the external social and physical conditions around us, but is free and untouched by its pressures and compulsions. It also tells us that once free, we discover that we have the capacity to alter the conditions around us not only by actions which we initiate but also and much more powerfully by acting on and altering our own consciousness. When we do that, we discover the deeper truth that the inner always determines the outer, our inner consciousness always determines the response of the conditions in the external work to us.

This liberating spiritual knowledge brings with it a great freedom and power. It also brings with it a great responsibility. Then we realize the power of our consciousness—our thoughts, beliefs, attitudes, emotions, feelings, impulses, and urges—on other people and the world in which

we live. That realization leads to the conclusion that there is always something we can do to alter and improve the circumstances and events going on around us, no matter how far they appear to have been caused by others or lie beyond our control. Consciousness is Power. Each of us possesses a power of consciousness that can act in every circumstance. Then no longer can we exonerate ourselves and feel content with declaring our helplessness or place the sole blame on others for the outcome. We realize there is something we can do. This is the knowledge that every great leader possesses, whether in business or national life. It is the principle behind the courageous actions of humanity's greatest leaders, be they leading a movement toward freedom, an army in war, a nation into prosperity or humanity toward a greater future.

That was the implicit intuitive knowledge which inspired Churchill during the darkest hours of WWII, when he became the British Prime Minister at the moment when nearly all of Europe had surrendered before the advancing German military. Churchill did not ask the Parliament for guidance as to what should be done. He did not conduct a poll or referendum to seek the advice or will of the people. It was a moment in which the German leadership and most of the world expected the defense of Britain to collapse within a few short months. Instead, he got on the radio and addressed the nation and the world with his most famous speech and most heart-stirring words: 'We will never surrender'. At that moment, he felt deep within him that the depth and sincerity of his faith in the destiny of his nation and the determination to preserve the freedom of his people had the power to stop the Nazi advance. Instead of a British surrender, within three months the Nazis withdrew and the Battle for Britain was won. That is the power of the spirit in humanity. Churchill assumed the attitude of a true spiritual leader assuming consciousness responsibility for the outcome.

8 Conclusion

Like all the other social sciences, management remains a nascent science. This statement is not intended as a criticism or indictment. It is based on the recognition that the challenge faced by the social sciences is infinitely

more complex than that which confronts the development of the purely physical sciences for two reasons. First, it arises from the fact that both the principal subjects and objects of study in the social sciences are conscious human beings—individuals and groups. The quarks and mesons that constitute atoms of matter are limited to a few distinct varieties, but each human individual and groups has its own unique characteristics and distinctness. Second and as a result, the range and complexity of human experience is infinitely greater than the narrowly limited range of interactions between the subatomic particles, atoms, and molecules that constitute the material world and their resultant characteristics are infinitely more difficult to determine and predict. Therefore, efforts to construct typologies and mathematical theorems have been far less successful in the social sciences than in their physical counterparts.

But beyond this consciousness and complexity, the social sciences have for long been encumbered by a misconception and an inferiority complex. The misconception is the assumption that the laws and methods of social science must be predicated on the same laws as physical science. The inferiority complex arises from the fact that the physical sciences have been able to achieve a precision and mathematical exactness impossible to achieve in the social sciences.

The ultimate solution lies not in the migration of more physicists to the discipline of economics or the application of more mathematics to the study of human behavior, no matter how useful the contribution of both may have been up to this point. It can be achieved by striving to identify and understand the fundamental principles and processes of *consciousness* appropriate to a true science of society.

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Part III

New Management and Economic Models



New Metrics for a New Economy: The B2T by 2020 Project

Yehuda Kahane

Over the history of humankind, great thinkers and philosophers have paid much attention to discovering the basic principles that should guide the behavior of people and societies and the relationships between them. Religious leaders have been guides to the relations between people and God. Most of them emphasize the importance of ethical and moral principles, including mutuality and love (for other people, for God, and for nature).

Major waves of technological development have been accompanied by paradigm shifts and by new ways of thinking. The industrial revolution, for example, was associated with and driven mainly by two extreme philosophies: On the one hand, the philosophy of capitalism, which makes achieving economic goals (wealth maximization) the major target of all players and promotes a market economy that distributes resources and products among actors. On the other hand, there are alternative philosophies such as socialism and communism

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that emphasize equality and the better distribution of resources and products through a centrally managed market. Toward the end of the twentieth century, it became clear that socialism in its extreme form (communism) has not been successful. However, there is significant variation between the two theoretical extremes: the welfare state, neo-capitalism, neoliberalism, etc.

1 Capitalism and Its Impact

The basic assumption of capitalism is that all players strive to maximize their wealth. This automatically generates, through what is known as “the invisible hand,” a set of equilibrium prices that lead to the automatic allocation (without the interference of a central planner) of all resources, products, and services. The theoretical beauty of capitalism is that the process is not just automatic, but it is predicted to lead to the (Pareto) *optimal* allocation of all resources, products, and services. In practice, various prerequisites (see below) are not fulfilled, and allocation is not optimal.

Capitalism has actually driven substantial (even amazing) economic growth during the last two centuries, and the world is still led mainly by economic desires: nations are still striving to increase their GDP, and firms are striving to increase their (short-term) profitability and financial wealth. Unfortunately, impressive economic growth has caused severe damage to social and environmental frameworks, to a level that now threatens the continuation of the human species on Planet Earth.

Theoretically, these threats should have been automatically prevented by the same invisible hand, but this has not happened due to some flaws in the capitalist model and its application: markets do not operate according to the conditions needed for “perfect competition,” but rather there is a noticeable concentration of power (often characterized by complex relationships between capital, governments, and the media). Moreover, important segments of the economy such as natural and cultural resources and what is known as the “commons” are not represented properly by price-determining mechanisms (e.g., there are still desert areas where water has no price at all). And there are many cases

where players encounter different prices due to the existence of “externalities.” Such violations of the principles of capitalism have led Joseph Stiglitz (2012), a Nobel Prize laureate, to argue that the invisible hand is invisible because it is not always there!

2 A New Economy

In addition to the above-described flaws with capitalism, we are experiencing other dramatic changes in the basic nature of the economy that are triggering calls for changes in the basic rules. We are not just living in an era of change, but rather in a change of era. During the last few decades, we have experienced tremendous change while we rapidly move to a “new economy” that is characterized by new features. Just to name some of these key differences...

- Traditionally, we have assumed that three major resources are involved in production: land, labor, and capital, each of which is limited. Accordingly, the economy was based on the principle of scarcity. In the modern economy, we have new “unlimited” and fast-growing resources: data, information and knowledge, and sophisticated computers and robots that can do many things more efficiently than human beings.
- Rapid urbanization and significant demographic changes are affecting birth, mortality, longevity, and population age structure.
- We have sophisticated communication and transportation systems that enable us to move large quantities of products, as well as people and ideas, rapidly and at relatively low cost (rapid trains, ships and aircraft, delivery by drones, autonomous cars, etc.).
- We do not need huge factories to manufacture things in mass quantities. The internet of things already enables us to manufacture many things at practically near zero marginal cost, in small amounts.
- The ability to obtain the rights to services (rather than ownership of assets) has paved the way to rapid growth in the “sharing economy” (Airbnb rooms, shared bicycles and cars, etc.).
- Many services can be supplied electronically, and this process is rapidly replacing traditional transaction methods (e.g., digital currencies

and digital banking, artificial intelligence and blockchain-based contracts and legal services, and intermediation activities, autonomous cars, personalized medicine).

- There have been rapid and significant scientific and technological discoveries in a variety of areas: space, medicine, biology, agriculture, materials, etc.
- For the first time in human history, people today can live simultaneously in both physical reality and virtual reality.
- Changes in ways of thinking and the philosophies behind these: Many people who live under capitalist regimes now believe that they should not serve the economy, but rather that the economy should support their basic values.

3 The Compass—Multidimensional Metrics

There is an urgent need for a paradigm shift toward a new multidimensional, multi-objective economy that serves a diversity of values (“conscious capitalism”) alongside economic goals (Conscious Capitalism 2018). In such an economy, “doing good” (socially, environmentally, and ethically) should support, rather than stand in contradiction to, “doing well” (economically). Environmental and social threats are developing at an exponential rate, and the need for a drastic transformation of the way we do things is pressing and urgent. It is time to move from “Research” to “Development” and “Action.”

Any system is guided by the metrics it uses. However, metrics do not merely serve as tools for measuring results. They actually act collectively as compasses or dashboards, leading us on our way. At present, we serve the economy rather than having the economy support our values! Using inappropriate metrics leads us in the wrong direction. There is no way to solve a problem by following the same principles that created it. In order to move the world onto a corrective path, there is an urgent need to add non-economic dimensions to the dashboard. Embracing such metrics would lead to a paradigm shift away from an industrial world to a post-industrial world. We must replace the current focus on the “maximization of economic values” with a multidimensional framework that

includes consideration of Economic as well as Societal, Environmental, and Consciousness factors (“ESEC”). I believe that adding the component of Consciousness (ethical values, civil consciousness, consumer consciousness, etc.) to the earlier “triple bottom” approach is essential.

Goals serve as a compass for guiding decision-makers. In other words, values should define a new system of metrics that create a more complex dashboard. For this, we must overcome serious flaws in the traditional pricing system. It is difficult to start making the changes through the supply function, but easier to do it first through the demand side, as consumers use their money as a form of voting that can lead to the desired transformation. Many consumers in today’s economies are willing to make a change, while leading companies are still unprepared for this. This calls for major changes in terms of preparing executives, regulators, accountants, engineers, and designers for the new economy.

In recent years there have been many attempts to create an updated multidimensional dashboard. The most difficult challenge has been arriving at a more or less agreed-on set of uniform targets, rather than having each individual, company, organization, and state use their own private compass. The OECD countries, for example, have developed what they called “Well-being Indicators,” while others such as the Kingdom of Bhutan have suggested a “Gross National Happiness” index, and the UN has suggested the Millennium Sustainable Goals, just to name a few approaches. In addition, many corporations around the world have developed and used the Global Reporting Initiative (GRI) rules to try to measure and report on their non-economic impacts, in addition to issuing regular financial statements based on traditional accounting. However, such ideas have still not been accepted and integrated into standard accounting practices.

One obstacle to reaching a practical international consensus about environmental and social issues has been the conflict between developed and developing countries. It has implicitly been assumed that progress down the path of economic growth involves moving from a “poor and clean” country to a “rich and dirty” one. When developed countries have called for a stop to growing pollution, it has been interpreted by the developing countries as an attempt to prevent them from growing.

Scientists have claimed that growth can be decoupled from pollution-related challenges (Von Weizsacker et al. 2005). The basic assumption is that, in moving from poor to rich, a country does not have to go through the “dirty” stage and can become rich and clean by using, for example, sophisticated circular models like the well-known “Cradle to Cradle” (Braungart and McDonough 2008) or K. H. Robert’s “The Natural Step” approach that show how a “cradle to grave” outcome can be avoided. This goal probably triggered the talks and understanding between the presidents of the two main polluters in the world (the USA and China) that led to the 2015 Paris agreement between practically all nations.

When Chinese leaders realized that growing pollution was becoming a major threat, they looked for solutions and initiated talks between American President Obama and Chinese President Xi Jinping that led to the joint climate accord in November 2014 (*New York Times* 2014). When these two giant countries (responsible for 33–50% of the World’s pollution) reached an agreement, it paved the way for all other countries to join the 2015 Paris agreement.

4 The Paris Agreement and the \$B to \$T by 2020 Target

The Paris agreement is a remarkable one and was concluded after 23 years of negotiations that started at the UN summit about environmental and societal change that took place in Rio de Janeiro in 1992. The United Nations defined 17 Sustainable Development Goals (SDGs) in 2015. Practically all nations have adopted these environmental and societal goals and committed for the first time to meeting them by 2030.¹ Although these goals are not equivalent to the four-orthogonal-dimension-ESEC model that we earlier proposed, they may be considered a good approximation, and “the excellent should never be the enemy of the good,” especially when such hard-to-get agreement of all nations has been achieved.

The relevant planning horizon of most leaders and executives is quite short due to regulation that drives short-termism and egocentric forms of motivation (limited terms for positions, elections, etc.). Moreover,

the former typically think in terms of hundreds of millions or billions, but seldom in terms of trillions of dollars. Leaders and executives should learn to operate with the new metrics on a completely unrecognizable scale (multiplied by thousands of times), whereby more large infrastructure projects can be initiated and built within a short period of time. In order to achieve the targets that have been defined by 2030, there is a need to meet some interim goals in the near future (e.g., by the end of 2020), to change the scale of thinking from billions of dollars to trillions, and to create the needed managerial skills and tools for stimulating reform. Several years ago, my partners and I created a slogan: “From B to T by 2020.” In 2017, we saw that the message of the first part of the slogan had already been absorbed and used over and over again (e.g., at the discussions involving the UN General Assembly in September 2017). But the second part of the slogan is very important as well: If we do not accomplish interim goals by 2020, there is no chance of reaching the required outcomes by 2030 as they involve big infrastructure projects that typically require long periods of planning, preparing, and building. These processes must be started as soon as possible. Reaching the defined goals by 2030 is quite ambitious, and any delay in the start will mean having less time to reach them, implying the need for greater effort. At some point, it will become impossible to achieve the goals as we will have gone beyond a point of no return. One cannot wake up at the beginning of 2030 and finish a large infrastructure project by the end of the year! This is only the first phase of work, although it is a critical and urgent stage on the corrective path.

5 Educational Challenges

Educational challenges at this stage are centered on the need to train leaders and managers, engineers, designers and accountants, and planning and strategic departments. The above-described transformation—the paradigm shift—cannot be achieved using the tools of the old paradigm. It can only happen with new managerial tools. Achieving this by itself is an ambitious and enormous mission. One way of doing it within the short time frame is by taking a “top down” approach and

training executives. To make a rapid global impact we suggest first training the leading consulting firms and large accounting firms with the help of experienced business mentors who know how to make a transformation happen quickly, and then joining forces in preparing leaders and executives.

It is well known that most people are risk averse and have a natural tendency to fear and resist change. This fear may be augmented by strange terms such as “paradigm shift,” involving thousands of smaller changes. Therefore, when we talk about the need for a paradigm shift, many people do not want to listen. Despite these fears, the changes may be complex but are not necessarily complicated. They require changes in our points of view; a new way of looking at things. Those readers who have watched the movie *Avatar* probably remember how the black-and-white, two-dimensional space in which the hero lives is transformed into an amazing, colorful, three-dimensional world. The audience experiences the transformation by merely wearing special red and blue 3-D glasses. A paradigm shift can happen in the top management of an organization—even a government—within a short period, even within a few days. We know how to activate it.

At the global YKCenter, we have gathered international teams of senior business mentors and experts and developed tools for what we call “Trans-Form-Nation” (YKCenter 2018). This is a method of preparing governments and large organizations to deal with these challenges effectively and with urgency.

Teaching and training decision-makers to handle these challenges requires a well-coordinated global educational effort. Due to the rapid changes around us, the planning stage has to be very flexible. Therefore, the typical approach that allows for only a continuous and smooth passage from the present to the future has to be replaced with a process that moves in the reverse direction: from the future to the present. In other words, it is important to redefine the (multidimensional) vision and values, and then to agree on a desired future. Then obstacles should be identified and ways to deal with them. This educational approach typically generates major breakthroughs quickly: New solutions to things that were thought at the beginning of the process to be impossible, or were not thought about earlier, suddenly pop-up.

Assuming that the end result is achieved and that humankind manages to prevent catastrophe in time, there are additional educational challenges:

1. Achieving UN SDG No. 4—i.e., the goal of increasing the quality of education. The other is to develop the very young generation. In order to meet the 4th SDG we are developing Edu-Coaching programs with the collaboration of many educational institutions: elementary, secondary, high, and vocational schools, as well as universities. In the past, teachers had the knowledge and also experience that was useful for the future. Now students have access to all the knowledge in the world and older forms of experience are quite irrelevant in the new economy (the young generation generally knows how to use modern technologies better, and is the first generation that is able to live simultaneously in reality as well as in virtual reality!).
2. Fostering a higher level of speech that comes from the frontal part of the brain rather than the ancient brain, as this supports cooperation driven by logic and better emotional control. The primitive instinctive reactions that we have inherited from insects, reptiles, and animals through the evolutionary process are suppressed most of the time. There is a very simple technique for teaching people (from kindergarten age and above) how to activate this ability,² which supports a higher level of private and public discourse and has the potential to improve human health. We call for 2018 to be declared the year of Human Interaction (HI). During 2018 there will be a massive effort to disseminate the related technology around the world.
3. The education of very young generations (kindergarten children) is also important. At this age, children can easily learn how to use a higher level of language, and can also be shown how to use their creativity and become attracted to the study of sciences,³ so that later they will love studying the more advanced sciences, and will be good at them. What you learn at a very young age shapes your behavior and attitudes for the rest of your life (an old Jewish practice was to teach very young children to read and write a few languages at a very young age, and to root basic religious ideas in their minds).

6 How Can We Get the Capital That Is Needed?

The paradigm shift requires immense investment: trillions of dollars per annum in impact investment. The only potential sources of long-term financing are retirement programs. These may involve:

1. The public sector (government budgets and especially social security programs) and
2. The pension plans, retirement and savings programs, and long-term life insurance products of the private sector. The financial institutions of the private sector currently manage for their customers an immense portfolio of approximately \$80T. That money has been the basic target and motivation for Principles for Responsible Investment (PRI) and Positive Spread Investing (PSI) initiatives during recent years.

Unfortunately, in a world of very low (near-zero) interest rates, there is little incentive to save money, and little appetite for financing impact investment.

Since the only source of long-term financing is retirement-related money, everybody must understand the key role of interest rates in creating attractive retirement plans. High yields are a necessary condition for attracting more savings, and for raising the large amounts of money that are required for impact investment. Can we generate the high yields that are needed?

The people and organizations that make the impact investments typically receive the economic yield on these projects, whereas other social and environmental benefits (such as a reduction in carbon emissions, a positive impact on population health, job creation) are regarded as “externalities” (i.e., others such as the government or the public, but not the investors, get the benefits). There are ways of revealing the implicit yields on impact investment, or in economic terms, ways of “internalizing” (endogenizing) these externalities so that they can be added to the yield of the investor. Public investors such as governments, and especially funded social security plans, could easily consider these externalities as contributions to the yield on their investments, but they would have to adjust their accounting methods to measure and reflect these

benefits. More sophisticated tools are needed to transmit the benefits of these externalities to private investors. It is possible, for example, to use certain market mechanisms (such as emissions trading), and to include these in investment yields. Other mechanisms (such as tax incentives or other subsidies, public guarantees on minimum yields) can also be used depending on local circumstances and on ideological differences.

Many ideas can be identified from studying the approaches that were taken a few decades ago (typically after WWII) by many countries to finance infrastructure projects that were necessary for fueling economic development. One Israeli example is especially relevant in this case.

Soon after the state of Israel was established, government coffers were empty due to the cost of the War of Independence, and the unusual challenges that stemmed from the need to absorb a large number of holocaust survivors, as well as many Jewish refugees that were expelled from Arab countries. The population was very young and there were no jobs. There was an urgent need to invest in infrastructure, factories, housing, and job creation, and to deal with “melting pot” educational challenges. The government, among other initiatives, encouraged the creation of insurance and pension arrangements as well as established a social security system to take care of the population that was due to retire several decades later. The government issued to retirement institutions long-term bonds bearing high yields, and created tax arrangements that enabled these institutions to offer very attractive retirement plans with high yields to savers. This created a very high rate of savings in the country. In addition, the government introduced a funded social security plan that invested its funds in quite similar government bonds. The funds raised through these special long-term bonds fed a “development budget” (separate from the government’s regular budget) that activated a number of specialized sectoral-level development banks that undertook the impact investments. This was a major tool for financing the country’s growth during its first four decades. Many countries, especially developing countries, can learn from this example of public–private collaboration and can adapt it to their needs. People may consider this approach to be subsidy-based one, but in most cases it merely brings to the surface issues with the measurement of performance that result from the exclusion of external benefits in traditional calculations of financial yield.

Such ideas may, of course, face ideological criticism from people that resist governmental intervention in the economy and prefer privatization at any cost, as well as those that mistrust the willingness and ability of government to honor long-term goals. This involves the classical debate between Milton Friedman's approach that "the purpose of business is merely business" and that of neoclassical economists who support a certain degree of government intervention in the economy, especially as capitalism does not always create the theoretically optimal solutions because of a lack of free competition, the existence of externalities, and the fact that some elements (e.g., "commons" such as air, natural resources, natural values) are not fully integrated into equilibrium prices. These arguments can be used to justify some intervention in a pure capitalist system. Opponents of any government intervention typically emphasize the potential inefficiency and even corruption of government systems. However, the popular attempts in many countries in recent decades to privatize the activities of government at any cost have exposed similar inefficiencies with privatized industries. These initiatives were often discovered to be a means of transferring important and valuable public properties at low prices into a few private hands, usually those of well-connected tycoons. In the case of Israel, there have also been complaints about problems with capital allocation, inefficiency, and even corruption, despite the efforts to run a very "clean" system. A certain degree of disorder seems to exist in both government- and private-led systems around the world, and can be reduced and mitigated through education, regulation, and efficient controls.

The ability to offer a high yield on impact investment will create a self-perpetuating cycle: higher returns on retirement plan portfolios will increase the attractiveness of retirement schemes. This, in turn, will motivate larger long-term saving and thereby enable financial institutions to finance more impact investment. As long as these investments continue to yield high returns, this cycle of positive feedback will continue.

Now—when almost all countries have adopted the new metrics (the SDGs), and have committed to reaching these goals by 2030—is the time to mobilize these educational and financial programs. A country can do what an individual cannot: lift itself off the ground by pulling its own bootstraps! These mechanisms can be established and activated

within a short period, and can be used to simultaneously deal with at least three major and pressing global challenges: the mitigation of major social and environmental threats through the appropriate impact investment, the creation of jobs and reduction of the job insecurity of millennials, and the re-establishment of retirement security for millennials and future generations. In short, we have the chance to hit several ambitious and extremely urgent targets with a single arrow!

Shimon Peres, the late President of Israel, once said that optimists and pessimists die in the same way, but the way they live is very different. That is why I am an optimist. Can we create this “Transform-Nation?” Yes we can!

Notes

1. The first date at which the USA can withdraw from the Paris agreement is 2020, but I believe that by that time the USA will not do this.
2. Such as the Switch My Mind (SMM) technology that has been developed by my partner Dr. Liora Weinbach. This method is similar to “mindfulness” and other technologies for promoting emotional and social intelligence.
3. Watch a conversation between Prof. Dan Shechtman, Nobel Prize Laureate, and myself at https://www.youtube.com/watch?v=666iG_RPjic.

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Catholic Social Thought and the Economy of Communion as a Business Model

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Reflections on the relationship that exists between different religious traditions and business management lead to different questions. One of these, which shall be addressed in this chapter, is the following: in what way have the principles derived from Catholic beliefs and traditions influenced the creation of the fairest, most humane business models?

In order to answer this question, we provide a brief outline of the main historical components of Christian social thought and the development of Catholic Social Teaching with regard to the economy and business management. Then, the proposal of the *Economy of Communion* (EoC) as a possible development framework for companies that wish to implement Catholic Social Teaching in their activities will be presented.

Undoubtedly, one of the traditions that most clearly plays on the convenience of the discursive juxtaposition between moral philosophy and economic rationality is that which is represented by Catholic Social

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Teaching (Spampinato 2005). This line of thinking offers thought-provoking insights and inspiring theoretical-practical contributions regarding the economic organization of social life (Kennedy 2006). For this reason, we believe it is appropriate to shine a light on the approach and to bring it to the attention of the greatest number of decision-makers who are potentially interested in the themes that we address (Justice and Peace 2014).

1 Catholic Social Thought

The corpus of Catholic Social Thought has been undergoing a process of evolution, from the most strictly doctrinal to the most inductive approaches which are attentive to the analysis of the specific reality. In this regard, it should be noted that, in addition to the basic literature comprising of papal encyclicals and other similar documents, the reference documents that can be accessed are, luckily, both good in quality and plentiful. We suggest that anyone wishing to obtain a more complete overview of the issue at hand refer to these (Fernández Fernández 2016).

Catholic Social Thought has been in the process of being forged for over one hundred years with regard to concern for the issues related to what, at the time, began to be known as *the social question*. Changing circumstances and the emergence of new situations made the teachings of the Catholic Church progressively socio-political, while unprecedented aspects and problems which had not required specific treatment until that point have since been taken into consideration (García Morencos 2005).

It is precisely this historical, evolutionary character—in terms of both method and content—that reflects the new realities of the time and is perhaps one of the characteristic traits of this doctrine. It is from this that one of the most usable and fruitful characteristics of the field of study seems to arise; from a theoretical and practical corpus that is not now so much a closed doctrinal group (*stricto sensu* a “doctrine”) as rather an open process of reflection, in confrontation with reality through the praxis of Christians.

The background to the body of the said teaching tends to be considered to be the first reflections of Pope Pius IX (1348–1349), as well as the theoretical/practical work of the first social Catholics (of which, Monsignor Ketteler, the Bishop of Mainz, and Monsignor Gibbons, the Cardinal of Baltimore, should be mentioned from clergymen). In terms of secular individuals, the French La Tour du Pin and Albert de Mun, who created the Society of Catholic Worker Circles, also deserve mention.

Apart from other materials and proposals of unquestionable importance, the most important milestones in Christian social thought and Catholic Social Teaching in terms of what this paper is concerned with are contained within the following documents: the encyclical *Rerum novarum*, published in 1891 (Leo XIII 1977), the encyclical *Quadragesimo anno*, published in 1931, which, as the name indicates, commemorates forty years of the publication of the previous encyclical (Pius XI 1977); some radio messages from Pope Pius XII (particularly: “*La solennità*” from 1951, and “*Il Popolo*” from 1953); the encyclicals *Mater et magistra*, published in 1961 (John XXIII 1977a) and in 1963 with the title *Pacem in terris* (John XXIII 1977b) from Pope John XXIII; the Pastoral Constitution *Gaudium et spes* (Second Vatican Council 1965) from 1965; the encyclical *Populorum progressio*, written in 1967 by Pope Paul VI (1977a) as well as the Apostolic Letter *Octogesima adveniens* dating back to 1971 which, as the title suggests, repeats the publication of *Rerum novarum* from eighty years prior (Paul VI 1977b). In terms of the pontificate of Pope John Paul II, and in terms of the ethical-economic considerations in this paper, the following encyclicals must be directly mentioned: *Laborem exercens*, published in 1981 (John Paul II 1981), *Sollicitudo rei socialis* (John Paul II 1988), and *Centessimus annus* (John Paul II 1991), written precisely to commemorate the centenary of *Rerum novarum*. To finish off, at least at the moment, the rosary of social encyclicals, Pope Emeritus Benedict XVI’s work, must too be mentioned under the title *Caritas in veritate* (Benedict XVI 2009). Naturally, Pope Francis’ apostolic exhortation *Evangelii gaudium* (Francis 2013), *felicititer regnante*; as well as the recent encyclical *Laudato si’*, on the care for our common home (Francis 2015), which is dedicated to ecological matters, must also be taken into account.

2 Values, Criteria, and Principles for a Fairer, More Humane Economy

The magisterium of the Catholic Church incorporates economic activity in a theological framework that can be summarized in the following statements:

1. God created the world for man;
2. man collaborates in God's creative work;
3. as such, man develops, perfects, and sets out on the true path to dominate the earth and safeguard it;
4. the process of carrying out this economic-collaborative mandate in the process of creation is through work, carried out in a social way;
5. economic activity, therefore, must be understood not merely as an end in itself, but rather as a dimension of life in society that aspires to the plenitude and complete development of the human being—starting precisely with the satisfaction of the needs of the latter, and for which resources have been created which must be administered with prudence and efficiency.

The economic problem thus unfolds into two issues that must be addressed: *production*, on the one hand; and the no less important *distribution* of that which is produced, on the other. As such, it is interesting to speculate what the criteria and guiding principles of economic activity should be. Namely, what to produce? How to produce? How to distribute what is produced? And then, taking note of ecological considerations, how to consume what is produced?—And, all in order to fulfill the divine plan created by God for the human race.

Responses to these questions are precisely what the Church has been formulating over the years, based on the message of Jesus Christ, in line with tradition and with regard to faith. And this is what, in essence, is left as a precipitate of the shock and contrast between this theological-evangelical tradition and the historical realities that the former tries to shed light on. The result is therefore comprised of the principles, criteria, and guidance that have inspired an Ethical Economy in tune with Catholic Social Teaching. We will look broadly at this material.

Humans as *imago Dei* are the starting point and must be understood as the beginning, subject, and end of all social institutions and as the center of all economic life.

Man has the right and duty to fully develop in terms of individual persons in all the facets of personal and social life; and it is in this dignity that human rights come into play, as well as an essential equality between all people that is compatible with the no less real and legitimated variety of rights. Specifically, since ancient times the Church has highlighted the dignity of work, which gives way to the right and duty to work, as well as a wide range of rights that result from that working capacity.

Meanwhile, given that, to put it one way, a person has two dimensions (one private, and another social), analysis of these two fundamental blocks of ethical principles finds that they are harmoniously interlinked. On the one hand, there are those principles that are based on the individual dimension; on the other, there are those that target the social dimension of the person.

The following can be found with regard to the former:

1. the right to free initiative;
2. the principle of subsidiarity; and
3. the right to private property.

Whereas the principles based on the social dimension of the person are the following:

1. The social function of property;
2. the search for the common good;
3. the principle of solidarity;
4. preferential treatment for the poor; and
5. revision of a model of development that respects the environment.

At this stage, we cannot elaborate on each of the elements that we have just outlined as ethical principles, criteria, and values that emanate from the tradition represented by Catholic Social Thought. We hereby direct the interested reader to another document in which we had the opportunity to go into greater depth (Fernández Fernández 2016).

3 *Caritas in Veritate*, Pope Benedict's Social Encyclical

On June 29, 2009, the day on which the Catholic world celebrated the festivity of the Holy Apostles Peter and Paul, Pope Benedict XVI published *Caritas in veritate*, a new social encyclical dedicated to offering support for integral human development. The document provides criteria and principles of discernment to guide personal and organizational activity in the context of the new century.

It addresses the issue of integral human development over six chapters, which are preceded by an introduction and to which a conclusion has been added (Benedict XVI 2009). Otherwise, the considerations are multiple and quite diverse, which may be appreciated from the mere enunciation of the titles of the six chapters that make up the body of the encyclical:

1. The message of *Populorum progressio*.
2. Human development in our time.
3. Fraternity, economic development, and civil society.
4. The development of people, rights and duties, the environment.
5. The cooperation of the human family.
6. The development of peoples and technology.

This subject, which is so open, perhaps explains the plethora of studies and publications in voluminous books dedicated to providing explanations for the multiple issues brought up in the encyclical, and which turns out to be impossible to *close* in a complete, definitive way (Consejo de redacción 2009; Acción Social Empresarial 2010; Melé and Castellà 2010; Rubio de Urquía et al. 2014; Sols Lucia 2014; Aguado Muñoz et al. 2017).

The key to reading *Caritas in veritate* can perhaps be synthesized by stating that, ultimately, it is a revision of the encyclical *Populorum progressio* in light of the new challenges that humanity is facing; it tries to provide analytical criteria and principles for discernment in order to guide personal and organizational action in a setting as challenging and dynamic as that in which we live these days (Poza Lozano 2010).

Effectively, among other problems and challenges, but while there are at the very least three new and complex circumstances which should be identified as the “from where,” was this new papal document written; it acts as a backdrop to the analysis, proposals, explicit preferences, and opinions that the message of Catholic Social Teaching faces with regard to the new realities at the beginning of the twenty-first century.

On the one hand, there is the phenomenon of globalization, with all its pros and undeniable cons (Roa Castel 2016). Globalization should be managed so that it can be put to the service of humanity (Salvatore 2013). Second, the economic crisis must be mentioned, which at the time of writing had already been generalized and which is having such dire consequences. Third, attention must be paid to the serious issues that the challenge of sustainability involves, which go far beyond ecological and environmental considerations (Fernández Fernández 1993), as Pope Francis indicated in the encyclical *Laudato si'* (Francis 2015).

As it could not have been any other way, in general terms this encyclical is aligned with the thesis and proposals that we have highlighted and explicitly referred to throughout the explanation of Catholic Social Teaching. However, with regard to some aspects, it also incorporates if not novelties then at least a new approach which may give way to more defined advances and forms of progress that has been typical until this point in this doctrinal corpus.

Thus, for example, issues that are more directly linked to the economy and the economic system of the market (the term “capitalism” does not figure) are dealt with in Epigraphs 35 and 36 (Benedict XVI 2009: 70–74), while ideas already expressed by Pope John Paul II are reiterated.

However, ideas that had not previously been highlighted with much force are also raised. Such is the case—going beyond the pure relationship of suppliers and consumers—of the focus on the need for trust so that the market allows for people as economic agents to truly come together. And in precise agreement, the Pope states that these days that a lack of trust is a fact; and a very serious one.

Likewise, in line with the usual teachings, the encyclical *Caritas in veritate* is in favor of the humanization of the economy (Sugranyes Bickel 2010; Zamagni 2012a) and of true social cohesion. The market

should also be subject to social justice and distributive justice, going beyond, therefore, the mere principle of equivalence in value of goods demanded by the concept of unavoidable commutative justice.

This drawing attention to the moral elements in the dynamics of the market is captured in the following sentence, specifically highlighted in the text: “Without internal forms of solidarity and mutual trust, the market cannot completely fulfil its proper economic function” (Benedict XVI 2009: 71).

In order for the market to function well and to fulfill its economic role, meeting the expectations that arise from the most elemental social ethics involving transparency, honesty, and responsibility is, without doubt, an essential requirement. However, the Pope goes far beyond this by claiming that it is even worth committing to the maximum ethical principles in commercial relations, whereby the principle of gratuity and the logic of the gift are called upon as expressions of fraternity (Zamagni 2012b).

Thus, the encyclical insists that at the heart of economic activity itself, authentic human relations such as friendship, sociability, solidarity, and reciprocity can exist: “The economic sphere is neither ethically neutral, nor inherently inhuman and opposed to society. It is part and parcel of human activity and precisely because it is human, it must be structured and governed in an ethical manner” (Benedict XVI 2009: 23).

On a similar note, regarding the means of understanding the mechanism of the market and human relations in which the search for the Common Good should be expressed, what is said about business owners and the different types of economic agents capable of humanizing the market and society can be found in Paragraphs 40, 41, 45 and 45 (Font Galán 2009; Relea Laso 2010; Zamagni 2012a).

The novelty of *Caritas in veritate* is that it addresses the issue of the company directly; and the meso-levels of discourse, the organizational/institutional level itself.

The approach referred to using the term ‘micro’ comes from consideration of the person, the individual subject. From there a series of ethical requirements orientated toward economic and social action are deduced. The moral limitation in socioeconomic matters is based on

the anthropology of the message of Christianity itself: human beings, as dignified persons, *imago Dei*, are social by nature. As may be assumed, from there it is possible, and reasonably simple, to define an entire programme of actions and proposals that humanize the economy.

Pontifical teaching with regard to the company as a socioeconomic agent on the market, in the service of man and shaped by people, has been rather easier to systematize based on what is claimed in the areas of reflection on micro and macro issues. In fact, there is very good synthesis with regard to these matters (Melé and Carné 1992; García Morencos 2002), in addition to that offered by the *Compendium of the Social Doctrine* of the Church, to which we direct anyone who is interested in encountering a well-articulated and synthesized global perspective (Justice and Peace 2005: 165–190).

In essence, what Pope Benedict XVI calls for in a context such as the present, characterized by various dysfunctions and distortions of many types in international economic dynamics, is a “profoundly new way of understanding business enterprise” (Benedict XVI 2009: 79).

In such regard, it also states that business models that are on the horizon are “promising,” not least because they do not focus their efforts exclusively on immediate expectations of benefits and the short-term gains of investors and stakeholders, but rather in understanding the sustainability of the company in the long term, from the perspective of requirements derived from “social responsibility” and due to consideration of its basis extended to other interested groups (Zamagni 2012c).

The following paragraph is telling: “Even if the ethical considerations that currently inform debate on the social responsibility of the corporate world are not all acceptable from the perspective of the Church’s social doctrine, there is nevertheless a growing conviction that business management cannot concern itself only with the interests of the proprietors, but must also assume responsibility for all the other stakeholders who contribute to the life of the business: the workers, the clients, the suppliers of various elements of production, the community of reference” (Benedict XVI 2009: 80).

Another interesting idea with regard to what is portrayed in *Caritas in veritate* in terms of the company is that the term “business initiative”

has a versatile meaning and that, as a consequence, the traditional market-state dichotomy, which correlates to private, capitalist-type business on the one hand and state governance on the other, is no longer appropriately reflected in reality (Acedo Moreno 2014).

On the one hand, “Business activity has a human significance, prior to its professional one” (Benedict XVI 2009: 82; Justice and Peace 2014). On the other hand, there are different types of businesses that go beyond the traditional distinction between “public” and “private”; and even beyond that of “for profit” and “not-for-profit” organizations.

The Pope indicates that, in recent years, somewhere between these two a vast intermediary area of business configurations has sprung up, composed of “the diversified world of the so-called ‘civil economy’ and the ‘Economy of Communion.’” This is with regard to a “broad new composite reality embracing the private and public spheres, one which does not exclude profit, but instead considers it a means for achieving human and social ends[...] of a more humane market and society” (Benedict XVI 2009: 96–97).

Many of the ideas found within the encyclical *Caritas in veritate* are inspired by the works of Italian economist Stefano Zamagni (2012d, e).

The plurality of the institutional forms of business itself give way to a more competitive market, which is additionally more civic and capable of promoting the common good (Zamagni 2012f). In effect, it is within this polymorphic meaning of business initiative that there lies hope that the economy can truly become a service for promoting common good in the near future.

This implies at least two things from an ethical perspective. The first is that, from all the different acceptable and possible business models and institutional configurations, some are morally preferable to others. And the second is that assuming what is stated previously—that the economy always has a need for ethics for its correct technical functioning—there are also more appropriate and less appropriate ethics.

The Pope says it clearly: “The economy needs ethics in order to function correctly — not any ethics whatsoever, but an ethics which is people-centred” (Benedict XVI 2009: 94), a claim which places its bets on justice and the true goodness of man (Zamagni 2012e).

4 The Economy of Communion

The EoC is a proposal that responds to the need to restructure business models according to the principles of Catholic Social Teaching (Gallagher 2014).

In 1991, the founder of the Catholic movement *Focolare*, Chiara Lubich, traveled to the city of São Paulo (Brazil) where she observed the significant contrast between the immense skyscrapers and the poverty of the urban favelas.

The recently created communities belonging to this ecclesiastical movement, despite living in a communion-of-goods regimen, were unable to obtain the resources necessary to create a dignified quality of life. In light of this need, Chiara Lubich decided to invite talented entrepreneurs to create companies according to principles that she later called the “EoC” (Hernando 2015).

With regard to the business models inspired by EoC, their fundamental elements stem from the principle that a company’s financial profits should be distributed in three parts. The first of these should be directed toward the company’s growth, development, and economic sustainability; the second toward the most needy people in the social environment of the organization, to help them overcome their situation of poverty; while the third part should be invested into the education of young people, in favor of creating a new means of economic culture at the service of people and of the common good (Lubich 1999).

According to Chiara Lubich, relying on the “invisible hand” of the market (Smith 1958) is not enough to achieve an adequate redistribution of wealth, thus it is companies themselves that should dedicate some part of their financial profit to alleviating situations of inequality and injustice.

The development of the EoC until October 2015—a period about which information is available on the project’s web page—has been such that it has not only expanded through Latin America, where it was founded, but also across all five continents. To date, 811 companies have already subscribed: 463 in Europe (263 of which in Italy); 220 in Latin America; 26 in North America; 18 in Asia, and 84 in Africa (Economy of Communion 2018).

The principles upon which the EoC is based are found in the Holy Scripture and Catholic Social Teaching (Aguado Muñoz 2014). Specifically, the meaning of the word “communion” may be highlighted, which comes from Jesus Christ’s prayer when he says “Father, just as you are in me and I am in you” (John 17:21).

The EoC understands that the Christian doctrine of the Trinity explains God as a being in relation to communion, which may act as a community model for human beings (Norris 2009). This sense of unity is directly related to the need to be interested in the living conditions of others, and especially those that are in need. One possible way of improving our relationship with such people involves, precisely, aiding them, using the fruits of our labor.

Business organizations created from the EoC project do not just have the aim of creating financial profit for company shareholders or owners, a proposal that Pope Benedict XVI (2009) also defends in *Caritas in veritate*. In addition to providing remuneration to owners and the financial means for the company’s growth, these organizations also seek to alleviate poverty and help educate future managers, with the aim of promoting, in the future, the care of people and of the common good in the undertaking of their economic activities.

This orientation of businesses is in line with the principles of Catholic Social Teaching, especially the search for common good and solidarity, as well as preferential treatment for the poor. In this regard, part of the understanding of communion stems from the interpretation of the person as the center of the organization, not so much as a means of reaching other ends; in other words, a mere instrument for the creation of value.

Other principles of the EoC that are particularly in line with Catholic Social Teaching are the principles of gratuity and reciprocity. According to Luigino Bruni (2010), the novelty of *Caritas in Veritate* is the affirmation that reciprocity and gratuity are also fundamental principles of the economy and the market, and they are not just for non-profit organizations or those of a social nature.

The companies that follow the EoC project are for-profit businesses that consider reciprocity and gratuity to be an integral part of their business. Both reciprocity and gratuity are guided by the logic

of the gift, innate to human relations, which should be promoted so that the former are authentically human and favor the development of people.

Reciprocity is understood as “the exchange of gifts,” which goes beyond the logic of contracts and markets, etc. The concept of gift, likewise, is explained in *Caritas in Veritate* in effect as a synonym of gratuity. Gratuity, in the context of Catholic Social Teaching, above all refers to “giving oneself to,” surrendering one’s person, and goes beyond the surrendering of goods and things (Benedict XVI 2009; Bruni 2010). It is, therefore, a lifestyle, a “how” which is implicated in the freedom of a person and depends more on their personal decisions than on previously established agreements of any nature.

Another relevant feature of the EoC is the relation that exists between the personal good and the common good. According to Frémeaux and Michelson (2017), for the EoC the personal good may be favored providing that the common good is met. In this way, the common good can only be promoted if it is through the means of the members of the organization who seek personal good.

5 Examples of Economy of Communion Businesses

Following this logic and the related principles of the EoC, is it possible for such businesses to successfully survive in the current context of the globalized economy?

In order to respond to this question, two examples of businesses that have followed the principles of the EoC will be given.

The first example is that of the *La Miniera* day centre located in the city of Seville in Spain.

In an interview, its director Elena Bravo claimed that this business has been functioning based on the principles of the EoC since 2004, and continues to do so until the present day.¹

The business is a centre designed to offer complete care to elderly people with a variable degree of physical and psychological dependence, for eight hours a day. It has forty places that are subsidized by the Junta

de Andalucía (the regional government of Andalusia) and another ten private places (with a total capacity of fifty users).

This centre follows the fundamental principle of the EoC, meaning that it splits its profits into three parts: one part is dedicated to the growth of the company itself, the second to the creation of jobs and to helping people in a situation of need, while the third is for the training of future leaders, with the aim of spreading the culture of the gift.

La Miniera offers maintenance and transportation services, stimulating workshops, physiotherapy, nursing, and medication-related care, and it uses social workers and sociocultural entertainers that endeavor not just to maintain the quality of life of the users and their personal autonomy, but whose goal is for the latter to be happy while they are at the center.

It also has a participative style of management, meaning that those who are more senior in rank—in the words of Elena Bravo—“[are] not above someone else, but beside them,” and strive to respect their jobs and encourage everyone to pool their talents. Weekly coordination meetings take place with the entire team, with the objective of informing everyone about the work of everyone else, so that workers do not work as “independent islands,” but rather value the efforts of others.

Another two fundamental characteristics of this business model are an interest in putting people at the center of the organization (even above economic interests), and the importance of living a culture of legality.

Elena Bravo claims that her experience proves that it is possible to introduce a sense of reciprocity into the world of the economy, not only by sharing the company’s financial profits, but through the organization’s day-to-day activities.

Another example of a business leader whose organization follows the EoC is *Paco Toro*, a Spanish businessman who in 1994 decided to dedicate his company (engaged in chemical distribution for agricultural purposes) to the EoC project. Toro carries out his business activity in the province of Jaén (Spain), where there are more than 600,000 hectares of olive groves and which area is the world’s greatest producer of olive oil.

Toro gave an interview,² stating that his adherence to the EoC principles has at times been put to the test when it came to deciding whether

to invest the company's profits into supporting the deprived, rather than using them for other family needs, or the needs of the company. However, by keeping his decision to invest in the EoC, he has been heartened by helping those most in need. Over time he has also discovered that there are other ways of contributing to the training of future leaders and has started to collaborate in creating other EoC companies in developing countries.

In terms of business viability, his company has had a higher turnover than many other companies in the sector. A large part of this is due to the businessman's reputation for integrity, which he has demonstrated time and time again, his desire to look after people, and the commitment he has to clients that is elevated above profit-seeking. This represents a case in which decisions taken in line with the principle of gratuity and the logic of the gift have consequently resulted in better business performance.

6 Conclusions

In the paper, we have briefly presented the characteristics of the EoC, and located it in the doctrinal and practical framework that emanates from Catholic Social Thought. The EoC is guided by the principles of Catholic Social Teaching and a desire to promote the culture of the gift and reciprocity in the economy. We hope it has been clear, therefore, that the EoC as a business model emphasizes both the noun "Economy" and the adjective "Communion." Let us briefly clarify further.

Like any other business model, that of the EoC also allows for profit-seeking; for this purpose, it is inserted in and strives in an open, competitive market. Likewise, as with any other company on the market, EoC businesses seek to produce goods or provide services, taking advantage of the opportunities that technological development offers at every moment. In these times of increasing digitalization, it is above all the economy of data, algorithms, trends, artificial intelligence, robotics, Industry 4.0, etc. that enables businesses to improve their specifications and to obtain much more accurate predictions.

Furthermore, as happens with other business and management models, the EoC is also required to analyze the demand and the needs that it aspires to satisfy. It must, therefore, respond to the eternal questions of economic science: what goods should be produced, and what services should be provided? How may we produce goods or provide services in the most efficient way possible? For whom should goods or services be produced?

Adding to these classic questions, today—aware as we are of the limits of planetary resources and of the negative impact that over-exploitative economic activity is having on the sustainability of ecological processes—we should add other considerations of no lesser importance. Namely, how should products be designed so that their entire life-cycle is sustainable (that is, extraction, production, distribution, use, disposal, and reuse)?; moreover, how should the process of extracting raw materials be carried out, how may we consume and get rid of waste, and in what ways can waste be reused or recycled?

The technological context—the digitalization of the economy—and awareness of global public opinion regarding the negative impact of human action on the environment—climate change, pollution, depletion of non-renewable resources—are creating opportunities for innovation in economy, business models, and management. As a matter of fact, the classical linear economy is being challenged by some serious emerging competitive models. We can see on the horizon, as synthesized in Fig. 1, some disruptive ways of combining the factors of production. There will also be opportunities that should be used imaginatively by visionary entrepreneurs, motivated not only by profit, but also the will to create new, more responsible and progressive ways of organizing the economic dimension of human life in society.

In this regard, Catholic Social Thought sets out some key principles for action; offers certain guiding criteria for decision-making; and proposes several values on which a more responsible and competitive economy and business management may be built. The EoC is an example of an applied practice, and shows how, in fact, it is possible to remain on the market by pursuing not only economic benefit, but also declaring an explicit commitment to common good, gratuity, reciprocity, and communion.

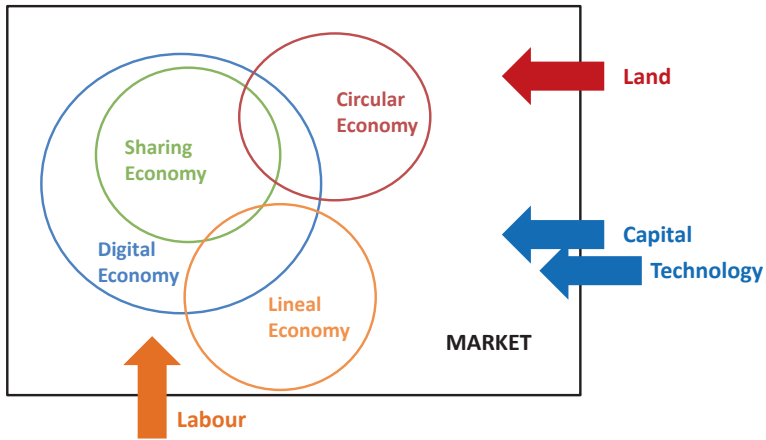


Fig. 1 New and disruptive ways of combining production factors

The EoC, certainly, would have a place in any of the circles or intersections of circles that are presented in Fig. 1. However, can the EoC model be extrapolated to any type of entrepreneurial initiative, at any place, and in any circumstance? Would it be possible for a company listed on the stock market to successfully carry out a project oriented around the principles of the EoC? Would a model such as the EoC be feasible for use in any business or industry? Is it reasonable to think that a business approach like the one offered by the EoC could be pursued by any entrepreneur, regardless of whether they share the related values or some concrete vital content of them? We think that the answer to these questions must be negative.

The EoC is not “the” model that must necessarily be implemented; a panacea that will solve all the economic and ecological problems that we face in this globalized and wounded world. It is not about that. Suffice to understand it as a different and innovative model; as a more viable way of doing business that moderates the economic dimension of human life in society. Any way of managing this—although it is a minority—deserves to be supported, since it has apparently found a place in today’s economic and business ecosystem and deserves to keep this into the future.

As we have indicated above, the number of companies that follow the EoC principles, according to the available data that we have been able to consult, exceeds eight hundred. We have tried to illustrate our reflections by citing only two case studies. Maybe this deserves further brief comment.

The methodology on which this chapter is based was not premised on a quantitative approach, but rather with the following goals in mind: first, to lay out the characteristics of the general framework that constitutes the tradition of Catholic Social Thought; and second, to present the EoC as a concrete initiative based on the thus-described theoretical-practical matrix. As a merely qualitative addition, we also presented, in a very shallow way, two sample companies to illustrate what is being done in this field.

As an object of further investigation, deepening this analysis by investigating more cases and examples of EoC would be worthwhile. Through this process (better understanding the empirical characteristics of these business models and the traits of such heterodox and innovative forms of management) it might be possible to formulate some alternatives for articulating an economic approach that, if not alternative, is at least interesting and worth taking into consideration.

Based on the theoretical analysis and the practical examples presented herein, we conclude that the proposal is valid, and contains enough elements to be considered a viable alternative to other, more economically orientated business approaches.

However, one consideration that has not been mentioned until now should also be highlighted as it may possibly play a relevant role: although the business management methods employed according to the EoC may be carried out by anyone, regardless of their belief or personal motivation, it is difficult to believe that the model would be pursued by people who lack the transcendent motivation.

Both Paco Toro and Elena Bravo highlight, from their experience, moments at which the logic of the market prompted them to take decisions that were counter to their commitment to the principles of the EoC. However, their strong religious convictions and the altruistic sense that is clearly deeply rooted in their business endeavors helped them maintain a coherent position, knowing that not to do so could have negative repercussions for business in a purely economic sense.

The conclusion that we wish to highlight is that, although certain decisions may have been taken that were detrimental to profit-making at certain moments, the case study businesses remained viable. As such, we can say that the EoC proposal is a sufficiently legitimate alternative to business-as-usual.

Although reference has only been made to two examples of companies that have adopted the EoC, we understand that there are more than eight hundred organizations that subscribe to the former that represent many more examples of situations of interest that can help verify the practical repercussions of the application of the principles of Catholic Social Teaching to the business praxis. A wider investigation of these issues is necessary for illustrating this claim in more depth.

Finally, we have sought to highlight that the EoC has the virtue of making a group of principles that we often only hear about from a theoretical perspective a reality. We consider the practical application of these to be extremely valuable, along with an explanation of their coherence with the fundamental tenets of Catholic Social Teaching, with the overall aim of investigating potential difficulties, consequences, and replicability.

Notes

1. The full interview can be viewed at the following link: <https://youtu.be/aun1vkBRFeg>.
2. See more complete information here: <http://www.edc-online.org/es/empresas/buenas-practicas/2574-entrevista-a-paco-toro-es-es-1.html>.

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Dignity, Love and Servant-Leadership

Tibor Héjj

“Our employees are our greatest assets!”—a statement often made by CEOs. Besides the fact that in many cases the daily practice of the same CEOs proves that they are instead thinking about their colleagues as “cost factors” to be minimized—even if they are really perceived as “assets”—does this truly represent a genuinely human approach? Is evolving to think about other human beings as “human resources” or “human capital” rather than just “tools” or “living machines” really the most mankind can achieve? Are employees really being respected and valued in such cases? If managers think about employees as humans but still only resources, then they are only being considered a means of generating financial value. There is, however, an emerging alternative approach in management theory and practice, whereby all employees are considered fellows, persons, as ends in themselves, i.e., with dignity, and as individuals who should be treated accordingly. Only through a philosophical-anthropological approach called “personalism”

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(Maritain 1947: 12)—which is also the basis of Catholic Social Teaching (CST)—can we speak about a justified stakeholder approach that takes into consideration everybody’s interests and desires.

Thus, the key question is whether the dignity of human beings is being acknowledged. Alongside this question—or for profit-focused owners and leaders, even before it—is the question “why think like this?” Does this approach conflict with the goals of profit generation, or is it simply another “trick” to enhance effectiveness and efficiency? As I will show, this alternative approach might contradict the goals of short-term profit maximization, but it supports the long-term economic sustainability of a company—but only in the case that it is used not just as another managerial tool aimed at increasing performance, but is rather deeply rooted in the company’s DNA, as part of its ethos—and then only as a consequence will it result in a decrease in costs, and/or higher revenues, among other benefits.

The fundamental principle on which such an organization rests is mutual love, implemented. Ideally, all employees and even external stakeholders will share the same set of values. Realistically, even within an organization it is not easy to develop and maintain a corporate culture based on love rather than enforced interests.

Key to embedding such a culture is the leader. If a top manager focuses on establishing and maintaining this culture, they should follow the “servant-leadership” model (Greenleaf 1977). In this paper I illustrate the logic behind this approach, and explain what it means in terms of day-to-day management, focusing on the leader–employee relationship.

1 Human Dignity in Theology and Philosophy

In theology, the roots of ideas about human dignity can be found in the first book of Moses, part of the Tora (according to the Judaic tradition), or the Old Testament (according to the Christian tradition). In Genesis 1:27 we find that “God created mankind in his image; in the image of God he created them.” Since all people have been created in the image

of God, all men have human dignity. Over the past more than 120 years the Catholic Church has developed its CST, of which the first and most fundamental principle is human dignity. Thus, Judeo-Christian theology has been consistent for several thousand years in insisting on human dignity, and in claiming that *all* people *unconditionally* have dignity.

Philosophy, on the other hand, has not been consistent in terms of identifying human dignity. Plato (427–347 BCE) held that:

The human being participated intellectually to a higher or lesser degree in certain self-standing ideas or forms of thought that defined the nature of being and yielded a deeper and truer knowledge about life than the physical shapes and objects grasped by our senses. (Dierksmeier 2015: 35)

Thus Plato believed that humans are more capable when they can deeply understand both themselves as well as the objects they have to deal with. Accordingly, rationality is the key driver for humanity. Rationality in a broad sense, but as the primary driver of decision-making.

Aristotle supported this perspective, but went further:

Aristotle (384–322 BCE) supported the idea that human dignity is linked to man, too, however depending on the actual use of their rational capacities, we can and should differ and between lesser and better men. He defined happiness (*eudaimonia*) as the ultimate objective for life, which can be achieved by leveraging practical-wisdom based well-ordered life.... In doing so, we can establish relative independence from external influences (*autarchia*) and live according to one's inward orientation. (Rosen 2012: 157)

Immanuel Kant (1724–1804) focused on two problems: (1) Are all men and women entitled to human dignity, or just a subgroup of mankind only? (2) Is it [the former] a capability to be praised or is it an attribute? Kant addressed these problems by distinguishing between the *relative* value of a given human person according to their moral worthiness, and the *absolute* dignity of the human person. Kant started by rejecting the common notion that the human being is at first free—and then, later,

submits (or not) to moral laws. He explains human freedom itself as the ability to follow the moral imperative, not vice versa. The crucial point of this argumentation is the following: If a human were only (negatively) *free from* natural impulses but not also (positively) *free to* realize a higher (i.e., moral) law, then human freedom would appear merely as an erratic deviation from otherwise regular (i.e., naturally determined) behavior. In his own words: “Every human being has dignity – through being able to be moral – but only those who do, in fact, lead moral lives also deserve the praise of personal ethical value” (Kant 1785, para. 4: 431).

Kant explicitly stated that humans are “ends-in-themselves,” thus we must not objectify them, and he also makes a very important and interesting separation between things which can be bought, and things which cannot:

In the kingdom of ends everything has a price or a dignity. What has a price can be replaced by something else as its equivalent; what... is raised above all price and therefore admits of no equivalent has a dignity.... Morality is the condition under which alone a rational being can be an end in itself, since only through this is it possible to be a lawgiving member in the kingdom of ends. Hence morality, and humanity insofar as it is capable of morality, is that which alone has dignity. (Kant 1785, para. 4: 434–435)

Thus while it may seem as if Kant extended dignity to all human beings, it should be noted that he limited dignity to humanity “insofar as it is capable of morality.” In summary, we can state that Kant sought to derive the dignity of human beings from autonomy and rationality.

In recent years some convergence can be seen between the approach of philosophy and theology—with implications for management, too:

The term human dignity expresses the idea that every human individual is intrinsically worthy, and therefore each person deserves respect and great consideration. Thus, a person can never be treated as a thing or a mere resource for gain. Indifference, understood as an absolute lack of recognition of the personhood of an individual or affection for them, is also contrary to the worthiness of each person and inconsistent with the Golden Rule (e.g., Melé 2012: 28–29). Respect for human

dignity includes consideration for people's feelings, intimacy, and self-determination. Consequently, an interpersonal relationship should not be seen as a mechanism to seek certain interest, without considering the counterparty as another "I". Every person deserves recognition and respect, as a being endowed of dignity. (Melé 2014: 462)

Moreover, even non-believers like Schroeder came to the conclusion that "if we want to use dignity as the foundation for human rights and accord all human beings human rights, then only the Traditional Catholic understanding of dignity is appropriate" (Schroeder 2012: 332).

These general statements have recently been embedded into documents for business leaders. One of the more recent ones is the publication "Vocation of the business leader," which clearly defines the term "*human dignity*" with care and in detail, giving some explanations:

At the very foundation of the Church's social tradition stands the conviction that each person, regardless of age, condition, or ability, is an image of God and so endowed with an irreducible dignity, or value. Each person is an end in him or herself, never merely an instrument valued only for its utility—a *who*, not a *what*; a *someone*, not a *something*. This dignity is possessed simply by virtue of being human. It is never an achievement, nor a gift from any human authority; nor can it be lost, forfeited, or justly taken away. All human beings regardless of individual properties and circumstances therefore enjoy this God-given dignity. (Pontifical Council for Justice and Peace 2012, para. 30)

The text aims not at mere knowledge transfer, but providing the motivation to act, therefore it switches the emphasis from "knowing" to "doing." It clearly states that business owners and business leaders should implement such principles into their operations. While the Catholic Church addresses interested parties all over the world, we should note that it reflects more the perspective of the Western world (based on ancient Greek philosophers, and the Christian perspective about human beings), but the focus on human dignity in this form is not present with similar weight in all of the world's cultures. According to Leung and Cohen, two additional cultures exist besides dignity-based culture; namely, "honour" and "face" cultures. Starting with the first:

Honor is unlike dignity in that honor has internal and external qualities that can be difficult to separate. Unlike inalienable dignity, honor can also be gained or it can be taken away, often through direct competition with others. And finally, honor is also dedicated to short-term “irrationality” in that it abhors cost–benefit calculations. (Leung and Cohen 2011: 5)

Somewhat different is the culture of “face,” but both are relatively dissimilar to the approach of dignity, as the latter is the only attribute which is considered not capable of being “gained” or “lost,” and which belongs to everyone (thereby being one component of the “equal approach” of Western culture).

...face is like honor in that the sentiments of other people are extremely important. Like honor, face also can involve a claim to virtue or to prestige. However, the settings—and consequently, the role expectations—are quite different for cultures of honor and cultures of face. Whereas honor is contested in a competitive environment of rough equals, face exists in settled hierarchies that are essentially cooperative. (Leung and Cohen 2011: 5)

2 The Content and Prerequisites of Human-Dignity-Based Caring

Besides the above-described more theoretical approaches, a very practical list of conditions for the flourishing of human dignity can be put together:

Some practical applications in respecting man’s dignity in the workplace are as follows: a) one should be given time off of work to worship God, thus upholding man’s dignity and keeping him connected with his Creator; b) one should have periods of rest and not be expected to work long hours that prevent one from getting adequate sleep; c) one should not be required to work in unsafe conditions where he is in danger of bodily harm; d) one should not be forced to work in immoral conditions that endanger his soul; e) an employer should pay a fair wage and an employee should give a full day’s work for a full day’s pay; f) states should

not overtax earnings; g) a worker should be allowed time to fulfill family obligations. These guidelines maintain the respect and dignity of the person. (Lanari 2011: 2)

The list could be continued. However, what also really helps is a general framework for Human Quality Treatment. Such a pyramid has been developed by Melé (2014: 463) (Fig. 1).

The “zero-level” of the pyramid starts above the two lower levels. “Maltreatment” and “Indifference” are hygienic levels (according to Herzberg’s et al. [1959] “two-factor theory”); here, the goal is to eliminate such cases. The positive levels start at Justice—which is similar to equal opportunities. The next level is “care”—here defined relatively narrowly. In a broader sense, care can also be understood as a combination of this narrow definition together with what is in the framework named “development.” Care in management means taking responsibility for employees’ well-being through supporting their personal development and fulfillment, whether according to Maslow’s Hierarchy of Needs (Maslow 1970), or—as we will see later—according to the

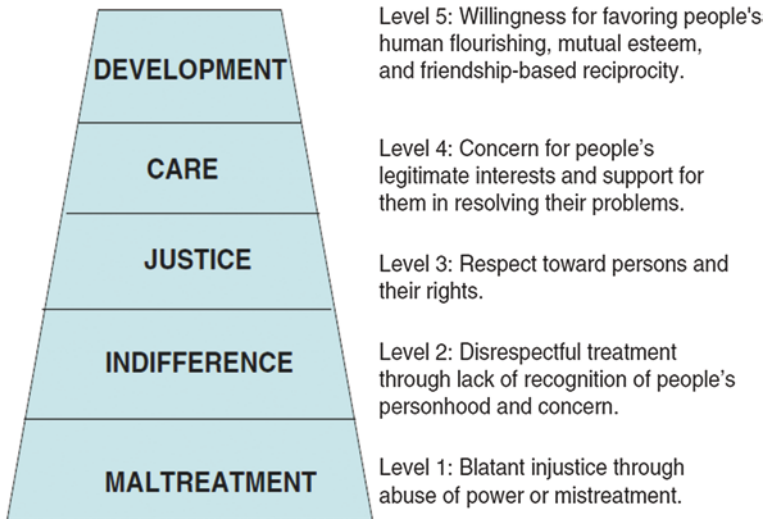


Fig. 1 Organizational levels of Human Quality Treatment

“Seven dimensions of wellness” by the University of California (2014), thereby genuinely and consistently respecting their human dignity.

Let us look at the theoretical prerequisites of human-dignity-based managerial care, which are founded on and supported by two pillars.

The first pillar is stakeholder theory, first developed by Ian Mitroff in 1983 in a paper called “Stakeholders of the organizational mind.” Believing in individual human dignity, companies should accept and even respect all stakeholders—and not just their material needs, but their intellectual and spiritual needs, too. With this approach we end up with what I call a “holistic value creation matrix,” a framework with which leaders can plan, control and measure the whole portfolio of real value creation (Héjj 2006) (Table 1).

Each square (representing the confluence of two variables) has the potential for value creation (representing a kind of care), while jointly they cover *every* stakeholder’s “layer” of care-needs, thus the concept really is holistic. Spiritually driven leaders should take care of *all* the elements of the value creation matrix, thus instead of maximizing they should optimize the whole set of portfolio goals. This is the real and very responsible challenge!

The other—not independent—pillar of human-dignity-based managerial caring is a new type of management approach. This is based on

Table 1 Holistic stakeholder value matrix

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By combining the three layers with the broadest stakeholder approach we end up with the **Holistic Stakeholder Value Matrix**

Stakeholders Layers	Shareholder	Employees	Customers	Vendors	Society	Future generations	The poor
Spiritual							
Intellectual							
Material (Financial)							

the idea that at the deepest level we find a link between human dignity and love for each other. Love includes solidarity (= care), and respect (= recognition). The perspective of care sees individuals as fundamentally relational (Gilligan 1982), and considers work as having the potential to humanize and enrich workers, as organizational members can build self-esteem through their work (McAllister and Bigley 2002). Recognition theory offers an important step to understanding the human side of management, modifying traditional views by arguing that organizations are, first and foremost, social systems inhabited by existentially engaged human beings. This is why Claus Dierksmeier (2011: 1) indicates the direction of management theory should follow as this: “[it] should set sail towards the shores of a humanistic paradigm, centred on the idea of human dignity.”

As a very successful J. P. Morgan ex-investment banker summarizes in his book “Heroic leadership”:

Love-driven leadership is the vision to see each person’s talent, potential and dignity the courage, passion and commitment to unlock that potential the resulting loyalty and mutual support that energize and unite teams. (Lowney 2005: 170)

This kind of culture, behavior, and communication is possible if it is practiced at the top of the company. In the case of such a management approach, the focus is on people and on community, and—as we will see later—possibly even communion. The aims and “key success results” are not (just) mainstream ones (that is, revenue and profit), but human flourishing. According to this perspective, the best test is: “Do those served grow as persons; do they, while being served, become healthier, wiser, freer, more autonomous, more likely themselves to be servants?” (Spears 1994: 156).

Instead of the classic “ruling leader” who has power over the company and its employees and who leverages this position for the benefit of the company and its owners only, here we find an absolutely different management paradigm called “servant-leadership” (Greenleaf 1977). This modern notion of servant-leadership (albeit with roots dating back several thousand years) was invented by Robert K. Greenleaf,

who has been hailed the grandfather of the contemporary movement for the empowerment of management and business leadership. In the mid- and late-1970s he yearned for a future when “leaders [...] bend their efforts to serve with skill, understanding, and spirit, and [...] followers [are] responsive only to able servants who would lead them” (Greenleaf 1977: 4).

As the concept of servant-leadership is very important, let us first quote Greenleaf’s definition of it from five decades ago, when it was new and needed more detailed explanation:

The servant-leader *is* servant first... It begins with the natural feeling that one wants to serve, to serve *first*. Then conscious choice brings one to aspire to lead. That person is sharply different from one who is *leader* first, perhaps because of the need to assuage an unusual power drive or to acquire material possessions...The leader-first and the servant-first are two extreme types. Between them there are shadings and blends that are part of the infinite variety of human nature. (...) The difference manifests itself in the care taken by the servant – first to make sure that other people’s highest priority needs are being served. The best test, and the most difficult to administer, is: Do those served grow as persons? Do they, *while being served*, become healthier, wiser, freer, more autonomous, more likely themselves to become servants? *And*, what is the effect on the least privileged in society? Will they benefit or at least not be further deprived? (Greenleaf 1977: 13)

Today the Center for Servant-leadership defines the concept more abstractly: “Servant-leadership is a philosophy and set of practices that enriches the lives of individuals, builds better organizations and ultimately creates a more just and caring world” (Greenleaf.org 2018).

What other than “caring” in other words?! Traditional forms of leadership are inadequate for making today’s employees followers, especially in the New Economy. As Ken Blanchard has pointed out: “When you turn the pyramid upside down (...) the people become responsible, and the job of management is to be responsive to them. (...) If you work for your people, your purpose as a leader is to help them accomplish their goals” (Blanchard 1996: 85).

If servant-leadership is a set of practices, then those who follow this philosophy and strive for its implementation should share some typical characteristics. These factors can be evaluated, monitored, and even measured. Here they are:

Batten (1998: 39) prepared a list of the characteristics of servant-leaders. His list includes goal-orientation, knowing how to lead a significant life based on “faith, hope, love and gratitude,” integrity, team work, enriching the lives of others, understanding and respecting others, having grace and forgiveness for others, and being tough-minded. Batten emphasizes the importance of forgiving and leading with passion. (Page and Wong 2000: 17)

Servant-leaders are tough minded but tenderhearted, similar to the dual emphasis on leading and caring. Bottum and Lenz also list the skills needed for the development of servant-leadership. These skills include “communication skills and empathetic listening, conflict resolution, problem solving, consensus decision making, and community building” (Bottum and Lenz 1998: 164).

In summary, I propose that a servant-leader is a leader whose primary purpose is to care about others, even to serve others by investing in their care, development and well-being, thus respecting human dignity for the purpose of accomplishing tasks and goals that contribute to the common good.

3 The Practical Implementation of Human-Dignity-Based Caring in Management

Even if there exist leaders with values based on the principle of human dignity, who take a broad stakeholder approach, and who follow the principles of servant-leadership, there is still a need to define precisely what employees should experience if they are being served, cared for, and respected with dignity. The combination of “work – caring – dignity” is best summarized by Bolton’s (2010) list of the key success factors for dignity *in* work and dignity *at* work (Table 2).

Table 2 Dimensions of the model of dignity

Dignity in work	Dignity at work
• Autonomy	• Well-being
• Job satisfaction	• Just reward
• Meaningful work	• Voice
• Respect	• Security
• Learning & development	• Equal opportunity

Source Bolton (2010: 166)

While well-being appears as only one of the components of dignity, I would like to show how important this is in daily life. But, first of all, what may we consider to be the components of well-being? Well-being in fact consists of a complexity of “wellnesses”:

Wellness is much more than merely physical health, exercise or nutrition. It is the full integration of states of physical, mental, and spiritual well-being. The model used by our campus includes social, emotional, spiritual, environmental, occupational, intellectual and physical wellness. Each of these seven dimensions act and interact in a way that contributes to our own quality of life. (University of California 2014)

According to the University of California, the full list of “wellnesses” not only consists of tangible aspects like health, but a holistic complexity of all kinds of components of wellness, including spiritual aspects and personal relations (University of California 2014).

- *Social wellness* is the ability to relate to and connect with other people in our world. Our ability to establish and maintain positive relationships with family, friends and co-workers contributes to our Social Wellness.
- *Emotional wellness* is the ability to understand ourselves and cope with the challenges life can bring. The ability to acknowledge and share feelings of anger, fear, sadness or stress; hope, love, joy and happiness in a productive manner contributes to our Emotional Wellness.
- *Spiritual wellness* is the ability to establish peace and harmony in our lives. The ability to develop congruency between values and actions and to realize a common purpose that binds creation together contributes to our Spiritual Wellness.

- *Environmental wellness* is the ability to recognize our own responsibility for the quality of the air, the water and the land that surrounds us. The ability to make a positive impact on the quality of our environment, be it our homes, our communities or our planet contributes to our Environmental Wellness.
- *Occupational wellness* is the ability to get personal fulfillment from our jobs or our chosen career fields while still maintaining balance in our lives. Our desire to contribute in our careers to make a positive impact on the organizations we work in and to society as a whole leads to Occupational Wellness.
- *Intellectual wellness* is the ability to open our minds to new ideas and experiences that can be applied to personal decisions, group interaction and community betterment. The desire to learn new concepts, improve skills and seek challenges in pursuit of lifelong learning contributes to our Intellectual Wellness.
- *Physical wellness* is the ability to maintain a healthy quality of life that allows us to get through our daily activities without undue fatigue or physical stress. The ability to recognize that our behaviors have a significant impact on our wellness and adopting healthful habits (routine check-ups, a balanced diet, exercise, etc.) while avoiding destructive habits (tobacco, drugs, alcohol, etc.) will lead to optimal Physical Wellness. (University of California 2014)

Once we realize the importance of the complexity of employees' well-being needs, we come to the conclusion that traditional means of financially quantifying the creation of value do not function appropriately, because "social welfare should be understood as well-being creation rather than wealth creation" (Pirson and Dierksmeier 2014: 20).

In the New Economy, the goal of promoting social benefits can be driven by "well-being creation," while companies which establish a culture that supports employees' integral human development (which involves caring in its deepest sense) based on the above wellness targets can be said to be really implementing the notion of human dignity.

The dignity of the workplace and the dignity of employees have the same roots; namely, in seeing members of staff as individuals (rather than human resources), and seeing the company as a community (rather than a profit-generating machine). Amartya Sen rejects the terminology of human *capital* and human *resources* (Sen 1985), and recommends

re-conceptualizing business around human *relations* and human *capabilities* (Boselie 2010). Human beings should never be considered mere cost factors or providers of labor. Rather, satisfying their needs should be regarded as the primary qualitative objective of business. Persons are “endowed with self-consciousness and with moral conscience, [are] bearer[s] of values and value in [themselves]” (Sorgi 1991: 35). I fully agree that:

...from a personalistic standpoint the ‘employees as assets’ or ‘human resources’ metaphor overlooks the intrinsic worth and dignity of employees as human persons. That their work is valuable does not imply that employees are assets. Assets are purchased, used, loaned, sold, recycled, exchanged, or depreciated, written down, or written off to signify their changing instrumental value. Were ‘employees’ to substitute ‘assets’ in that sentence, the result would spell slavery. Employees seen as ‘assets’ are actually conceived as mere means toward an end. An employee is a human person; an asset has, at most, instrumental value. (Acevedo 2012: 214)

Therefore I argue for recasting Human Resource Management as *Human Dignity Management*. Practicing servant-leadership (i.e., taking a managerial approach which supports the flourishing of employees) brings us to two phenomena not yet heard about in a business context: *gratuity* and *reciprocity*.

Let us first elaborate on the unusual triangle of human “dignity-business-gratuity.” This seems to be nonsense, and from a traditional business perspective it really is, since business concerns making “deals” both within the company as well as with the outside world (i.e., with suppliers, with market actors). However, with a spirituality-driven, human-dignity-based approach, gratuity is not just possible, but an essential part of business functioning. Human dignity implies being able to give, to share, to do something out of love based on intrinsic motivation, without expecting any financial reward or other types of compensation. The Catholic Church’s view on gratuity in business is the following:

...in commercial relationships the principle of gratuitousness and the logic of gift as an expression of fraternity can and must find their place

within normal economic activity. This is a human demand at the present time, but it is also demanded by economic logic. It is a demand both of charity and of truth. (Benedict XVI 2009, para. 36)

This is in full opposition to the neoliberal approach characterized by Milton Friedman (1962: 133) who says that “There is one and only one social responsibility of business – to increase its profits.” For Friedman, it is human freedom that serves human dignity, not vice versa. In the business world the mainstream paradigm is based on (self-)interest—this is why the saying that “there is no such thing as a free lunch” is (almost) true. But human beings are not (just) interest-seeking robots, and through their intrinsic motivation to give, and/or based on human dignity, they have the opportunity and desire to give “free lunches” as a manifestation of love. After all,

...business is not just a purely human undertaking. Rather, business is grounded on God’s initial, gratuitous act of creation, an act which provides the possibility for all human action. Gratuitousness is an undeserved act of unconditional love by God who gives with no presupposition (not even the justice of equality or the equality of exchange), no prior condition, no requisite, the gift gives (itself) absolutely freely. For it always comes unhopd-for and unexpectedly, in excess and without being weighed on a balance. As such, gratuitousness stands in stark contrast to concepts such as economic exchange or the golden rule – that is, traditional theories of reciprocity by which business is conducted. (Carrascoso 2014: 313)

Argandoña (2011: 83) suggests that even if there is a will to be charitable, such charity must be reasonable. This “reasonability,” however, is not based on self-interest. So, what is the driving force of gratuity?

Charity, generosity (which tends to imply some form of donation of goods, resources, and time, etc.), benevolence, compassion, sympathy, service, and so on which to some extent are synonymous and which represent attitudes or behaviors that may be motivated by love, though not necessarily and not always. Altruism has often been the focus of attention in economics. Although it can be defined in terms very close to love as

an attitude, quality or virtue, in practice it is often identified with actual actions (not a mere disposition) aimed at transferring resources to other people for reasons of empathy, because of communal ties, or for moral motives, involving a sacrifice on the part of the agent (and even, in biology-based theories, a threat to the agent's survival). Elsewhere, altruism is identified with a particular type of agent (one averse to inequality, for example, or one that derives satisfaction from good actions), independently of the character formation specific to the virtues; or with various forms of internal satisfaction of the altruistic agent. Cf. Andreoni (1990), Fehr and Schmidt (2005), Kahlil (2004), Monroe (1994). (Argandoña 2011: 82)

Let us focus on owners and employees from a gratuity perspective. We all know examples of not-for-profit companies whose owners think about their capital investment as a form of donation—one which provides a better “return” for society and for those in need than in the case of “official” donations—while still having the economic sustainability needed by stakeholders. What else is such capital, if not an example of gratuity in business?! Nowadays, we call these organizations social ventures. This is why social entrepreneurs serve as a template for humanistic management (Austin 2006; Pirson 2009).

Now, the question arises: is gratuity a one-way relation? Or can employees trigger it? Besides engaging in gratuity as a private person, can individuals become involved in gratuity at the workplace, too? Nobel Prize-winning economist George A. Akerlof (1982) introduced the category of “partial gift exchange.” In the relationship of employer–employee, this gift exchange can be described as: “From the side of the worker, the gift given is the work in excess with regard to the minimum standard. From the side of the firm, the gift given is the salary in excess with regard to the one the workers can get if they [left] their present job” (Argiolas 2006: 10).

Let us conclude about gratuity with the thoughts of Zamagni:

An economy that loses contact with gratuitousness does not have a future as an economy, for it will not attract those with high “vocations”; if the enterprise becomes only a business (in the sense of a “machine to make money”), and excludes the passions and moral sentiments, it

will only attract persons with a low capacity for human relations, meaning poor managers and workers. Money and profit are weak incentives if we want to move people at the level of their most noble and most powerful energies. Furthermore, when we act because we are motivated only by monetary incentives, freedom is of little value, if it is true that only where there is gratuitousness is there true freedom. This is why good businesses, those that give value to ideals, passions and to gratuitousness, are important: they increase personal and collective freedom. Virtue cannot be produced or bought, but from virtue all wealth is created: “Virtue does not come from riches; it is from virtue that all riches, and every other good for the citizens and for the city, come forth” (Plato, *Apologia for Socrates*). Mission-driven organisations develop from a vocation that is born out of the intrinsic motivations of their promoters/founders. And when we speak of mission, intrinsic motivation, vocation, we are also speaking of gratuitousness, if it is true that we enter into the territory of gratuitousness every time that we deal with behaviour that is practised just because it is good, because it has value in itself, before and independently of (at least in the short term) the material results that those who act in this way bring with them. (Zamagni, n.d.: 13)

Gratuity basically means gift, and “near the gift, [...] reciprocity develops” (Argiolas 2006: 10), thus gratuity and reciprocity are interdependent. Reciprocity has different layers and forms:

Bruni specifies that, if reciprocity is one, many are the forms in which reciprocity can be implemented. He considers, in particular, three forms of it: (a) “reciprocity without benevolence”; (b) “reciprocity *philía*”; and (c) “reciprocity *agápe*”. Argiolas clearly states that the three forms of reciprocity are ALL essential components of business:

The first (reciprocity-without-benevolence) brings some “market dynamics” inside the firm and this ought to assure more freedom...

Reciprocity-*philía* reminds that inside the business the sole logic of contract is not sufficient. Contracts are by their own nature incomplete...

The reciprocity-*agápe* gives dignity and emphasis to gratuitousness and to the unconditionality of action, that, being animated by intrinsic motivation is not conditioned, as above stated, by anything extrinsic in its own origin, even if the effects of this kind of action are conditioned:

...a full communion among persons within the business calls for activat[ing] also this form of reciprocity, just considering communion features [sic] (it is free, open, universal, and oriented to human flourishing). (Argiolas 2006: 10–11)

Human dignity is closely linked to the term “person” and the term person is linked to “communion.” At companies, people are usually motivated by their existential needs, they do not choose to work with each other, and the goal is to produce or provide a service, as requested by the employer. But why cannot we implement an atmosphere of communion at the workplace, too?

Spirituality-driven management enables us to think in terms of gratuity, and in reciprocity—and also in communion:

We do not grow as persons by claiming autonomy or by pursuing self-interest; a life of self-centredness only makes us lonely. Rather, we grow through relationships, through bonds of communion, when our gifts move through us in service to others. The business leader’s responsibility, then, is to recognize these gifts—their kind and multiplicity. Creating an organizational culture for developing and cultivating those gifts is a significant challenge. (Naughton et al. 2015: 24)

To create, build and maintain communion is a challenging professional task, with related know-how requirements. To reveal the complexity and depth of the issues involved in implementing gratuity, reciprocity and communion, Argiolas offers practical guidelines, as follows:

...it is extremely important that all three forms of reciprocity be present in the company. The first, or conditional reciprocity, introduces market dynamics into a firm, thus ensuring greater freedom to those in the relationship. In fact, a contract defines the normative framework in which each one can act. While this may seem a constraint, at least in the early stages, it can in fact be a freeing element, in the sense that by defining the duties of each party (such as number of hours worked, overtime, vacation, salary, and so forth) it guarantees the parts that are outside what the parties can negotiate. Partially conditional reciprocity recalls the fact that the logic of the contract alone is insufficient for a company to be

managed efficiently and effectively. Contracts by their very nature are incomplete, and it is difficult to operate if workers' reasoning is typically "that's not my job." At the same time, when a contract works it protects against a totalizing logic. Consider the behavior of one who feels compelled to show company loyalty by constantly remaining beyond working hours or not taking vacation time. Such reciprocity emphasizes the requirement that each one take a step towards the other by eliminating opportunistic behaviors; such behaviors by any party erode the reciprocal relationship and block [the achievement of] communion, [and are] much less efficien[t]. Unconditional reciprocity encompasses gratuitousness and unconditionality, essentially and primarily directing action towards building bonds of gratuitousness between people. In this sense it differs from philanthropy in that "where a philanthropic organization works for others, gratuitous action works with others" (Zamagni 2006: 34). If we consider the aforementioned characteristics of communion here (liberty, plurality, universality), one can understand why this form of reciprocity is necessary for fully attaining communion. Indeed, a truly gratuitous gift is both free and liberating, in the sense that one who intends to give without strings attached also neither intends nor exercises any form of domination over the recipient. (Argiolas 2017: 90)

4 Conclusion

In management we have become used to thinking about "resources" to be leveraged as "capital" in a process of "value creation" (= creating even more capital). Specifically, we may speak about natural resources, financial resources—and last but not least—about human resources. Using the same term to refer to oil, money and human beings shows how each of these is seen as sources for making more money, and as means to an end, which is profitmaking, and through this shareholder value maximization. In a typical business plan, we may read about "labour costs" being competitive due to an attractive "labour market," about the "skill-sets" of workers, about the engineering or even innovation "competencies" of well-educated so-called white-collar staff, about "flexibility" regarding overtime and hiring and firing, and about the advantage of not having trade-unions, or only weak ones. Much less (if at all) do we

read about local people's needs, cultural specialties to be respected, the desire to learn, to work, to develop overall well-being—and our (the company's) potential contribution to these goals.

Basically, two options are available: to look at potential and existing employees as resources, or to see them as persons. This paper has described the alternative, personalistic approach, which is based on human dignity and leads to seeing employees as people, rather than cost factors to minimize, human resources to leverage, or even as (financially) valuable assets. The key difference between the mainstream versus alternative approach is, however, not profitability-orientation versus person-orientation. It is more about the complexity of the portfolio of goals: whether employees are considered as a *means* to the *only* economic end (namely, creating financial wealth for owners), or whether, while aiming at economic ends, the owner and the management *also* respect and take responsibility for employees as ends.

Doing the latter requires an alternative leadership model, which may be called “servant-leadership” (Greenleaf 1977). Leaders with such goals have the following characteristics:

...goal-orientation, knowing how to lead a significant life based on “faith, hope, love and gratitude,” integrity, team work, enriching the lives of others, understanding and respecting others, having grace and forgiveness for others, and being tough-minded. (Batten 1998: 39)

The result of this paradigm change is a company which is more than a place to work, but instead a community where all the wellness needs (physical, intellectual, occupational, environmental, spiritual, emotional, and social) of employees are considered and met, insofar as possible.

At first glance, the mainstream approach seems to be easier, more focused, and therefore more cost-effective, since the alternative approach requires more effort (and sometimes also more time and investment) from the company and its leaders. The ultimate goal of the alternative approach, meanwhile, is not to further increase profitability (compared to the mainstream approach), but to create a more holistic, responsible

set of goals. As a *consequence* (almost as a side effect) this may decrease costs and increase revenue—the pillars of (increased) profitability. In a human-dignity-based system, the pursuit of the different well-being drivers, so-called wellness dimensions (University of California 2014) evokes—as a part of mutual love—much higher levels of intrinsic motivation. This extended motivation results in a higher level of loyalty (reducing costs), better quality (also reducing costs or/and increasing revenue), and a higher level of intrinsic-motivation-based creativity (these days, this is the most important factor of competitive advantage, resulting ultimately in increased revenue). Thus, investment in following the alternative approach could be leveraged as part of a cutting-edge strategy for any company.

As I have shown, human dignity—which is deeply rooted in theology and philosophy—can serve as the starting point and key pillar of a management system. The consistent implementation of the related servant-leadership model results in a caring organization which not only creates financial wealth, but also well-being for all stakeholders. Some new principles, such as serving (instead of ruling), community (instead of workplace), reciprocity, and mutual gratuity are becoming discovered, integrated and practiced. These practices have an indirect positive impact not just on companies, but on society in general, generating not just GDP but social benefit.

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Social Entrepreneurship, Conscience, and the Common Good

Pavel Chalupnicek

Social entrepreneurship is usually defined as the use of business techniques to pursue an explicit social goal. While the current body of research on social entrepreneurship contains many insights into the practical functioning of social businesses (setting-up, networking, financing, scaling, etc.), surprisingly small attention has been paid to an exploration of the “social” part of the concept. Questions such as “What is the most pressing social concern that should be addressed?,” “How to prevent social business from undermining important societal values?,” or “How to handle conflicts of values resulting from the hybrid nature of social enterprises?” are sometimes mentioned in passing, but rarely directly addressed. The paper employs a three-level model of ethical decision-making to address this gap. In the suggested model inspired by Catholic moral theology, ethical decision-making happens in interactions of personal conscience and common good, which take place in the forum of discernment created by the social enterprise. It is argued that

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the relational character of this framework can provide social entrepreneurs with the missing meaning of the “social.”

1 Social Entrepreneurship

Most authors writing about social entrepreneurship seem to agree that social entrepreneurs are defined by (i) their social goal or social mission and the resulting creation of social value, (ii) in pursuit of which they employ business strategies and methods, and (iii) while the criterion of financial profit is not their primary goal (Huybrechts and Nicholls 2012; Peredo and McLean 2006; Martin and Osberg 2007).

While the overwhelming majority of authors focuses on the entrepreneurial or business element of the concept, relatively few discuss its social part. One can find plenty of information in the existing literature advising social entrepreneurs how to find sources of financing, how to scale up the enterprise, or how to network with other social entrepreneurs: in other words, how to make a difference. What seems to be lacking, however, is an in-depth discussion of what constitutes this difference: what social change that should be achieved or the social value that should be created. This gap is puzzling when we realize that it is precisely this social part that is supposed to define the entire concept of social entrepreneurship and distinguish it from other business activities.

The lack of social dimension of social entrepreneurship has real consequences, because it makes the entire concept of social entrepreneurship ill-defined. An increasing number of authors observe that “the emperor of social entrepreneurship is naked,” or—perhaps more appropriately—that social entrepreneurs may be just old-fashioned businessmen wearing fashionable clothes to make themselves more palatable (Cho 2006; Dey and Steyaert 2012). And even more seriously, some experts fear that by doing business with those who are poor, excluded, and vulnerable, social enterprises become just a slightly modernized version of old-fashioned workhouses and sweatshops. These authors conclude that social entrepreneurship is ineffective, and even dangerous. So for example Eikenberry and Kluver (2004) see social entrepreneurship and resulting marketization of the nonprofit sector

as undermining democratic values in civil society; Karnani (2007) uses several examples of social enterprises to show that their benefits are often overstated while their negative sides, such as their impact on the environment, are rarely discussed. More recently, Chell et al. (2016) summarize the current state of the debate and conclude that we are only starting to explode some of the myths associated with the prevailing vision of a social entrepreneur as “the heroic male who goes it alone against the odds; the entrepreneur who happens to be in the right place at the right time; the notion that anyone can be an entrepreneur; [and] the myth concerning the ethical social entrepreneur” (Chell et al. 2016: 623).

In the context of the debate on the “social” nature of social entrepreneurship, this paper presents a model that attempts to address the process of ethical decision-making at three different levels: at the level of the person using the concept of conscience, at the level of the society or community using the concept of common good, and at the level of the social enterprise, which is conceptualized as a forum of discernment where the different ethical demands become articulated, discussed, and potentially reconciled.

Using the three-level structure of “micro,” “meso,” and “macro” in relation to business ethics or social enterprise is not new. For example, Jeurissen (1997) calls for closer integration of micro, meso, and macro perspectives in business ethics; Venkataraman (2002) uses the three levels to construct an equilibrating system of ethical demands of entrepreneurs and stakeholders; Voegtlin et al. (2012) distinguish three levels of outcomes in responsible leadership; and in Bassi (2011, 2012) the three levels serve as focal points of social value creation. This paper seeks to provide a better normative grounding for such analysis by establishing connections between the personal, the enterprise, and the community (or societal) levels with three normative concepts: “conscience,” “discernment,” and “the common good.”

The intellectual history of these terms is rich but the paper limits the discussion of their content to contemporary Catholic moral theology. There are several reasons why the Catholic tradition can provide a good starting point for such a discussion. First, it has over centuries spent considerable effort to formulate the content of the terms. Although this

chapter does not explore these historical developments, the following pages present some of the results of this long process. Second, Catholic moral theology places these two terms in a broader scheme of socio-economic analysis, known as Catholic social thought. The broader context of Catholic social thought is especially useful when it comes to the analysis of the impacts of social entrepreneurship at the societal level. Third, the principles of conscience, discernment, and common good have been put to practice by Catholic entrepreneurs many years before the concept of social entrepreneurship emerged. Companies such as the Basque cooperative “Mondragon” (Herrera 2004) or the movement of “Economy of Communion” (Bruni and Uelmen 2006) are examples of their practical implementation. And finally fourth, the grounding of conscience, discernment, and common good in moral theology brings in a spiritual dimension, which is increasingly seen as an important part of business decision-making even in secularized Western countries.¹ Despite this focus, the paper does not claim that social entrepreneurship is an exclusively Christian concept. Rather, it aims to discuss whether conscience, discernment, and common good can contribute to the current knowledge about social entrepreneurship regardless of one’s religious or spiritual persuasion.

2 Conscience

R. K. Vischer (2010: 48) notes that conscience is today often treated as a “black box:” “while we remain convinced that conscience is important to personal identity, we know next to nothing about its nature or its function, nor do we believe that such knowledge is realistically attainable.” D. C. Langston (2001: 1) points to a similar paradox: we often speak about conscience, but we dispense with it as an analytical tool. The individualistic understanding of conscience prevalent today tends to see it as either one of cognitive faculties, or something like a punishment mechanism that makes one feels uncomfortable when making a morally wrong decision. As a result of this flattened understanding of conscience, many people use the term only as a “convenient shorthand for more cumbersome expressions” (Langston 2001: 107).

The Catholic understanding goes beyond the individualistic view of conscience. Instead of seeing conscience merely as a faculty of an individual, it suggests to understand conscience in a relationship—with oneself, with one's moral community, and with God. From the Catholic Catechism (para. 1776–1802), one can derive its main characteristics. Conscience contains elements of personal reflection and judgment, but these never remain a solitary activity. Conscience has to be cultivated—formed and informed—in interactions with other people, in contemplation, and in prayer.

The statements of the Catholic Catechism shows a number of different influences within the Catholic debates on conscience.² Despite somewhat technical theological language, this understanding of conscience is not limited to this one particular Christian denomination, but—as Catholics believe—the anthropology behind it makes it universally valid. Conscience is seen here as the main moral “motor” that should lead one to engage with the world. In the words of *Gaudium et Spes* (1965, para. 16) “[i]n fidelity to conscience, Christians are joined with the rest of men [*sic*] in the search for truth, and for the genuine solution to the numerous problems which arise in the life of individuals from social relationships.”

Further elaborating on conscience and relationality, L. Hogan (2000) provides a good synthesis of the Catholic view and insights from psychology and personalist philosophy. Traditionally, conscience was connected with reason and rational decision-making. Hogan extends the understanding of conscience to cover more than reason. In her view, “[t]he judgment of conscience is not a disinterested, purely intellectual one. It also involves a desire, a commitment and an obligation to act on that judgment” (Hogan 2000: 11). Conscience is more than just a sum of all good choices made over time. “Rather, it is the disposition or orientation to desire good and is the culmination of a life lived consistently in the pursuit of virtue” (Hogan 2000: 134). Conscience in Hogan's view should serve as a feedback mechanism for everyone making ethical decisions throughout all the phases of the decision and its execution. Applied to social entrepreneurs, this means that they need to measure all their actions with their social mission and constantly (re)evaluate the social value that their actions bring about.

Hogan (2000: 139) states that while reason plays an irreplaceable role in the formulation of the ethical problem at hand and obtaining and evaluating all the relevant information, it cannot remain alone in bearing the weight of the decision. This is again of particular relevance for social entrepreneurs. Mainstream economic and business education has been emphasizing rationality in decision-making, however the dominant model of *homo oeconomicus* based on the rational choice theory is increasingly seen as inadequate (Cullenberg et al. 2001; Chalupnicek 2014). It may happen that even if all rational solutions are pointing in one direction, one still feels that it is not the right direction. What may ultimately be the difference between successful and unsuccessful entrepreneurs is their ability to listen to the non-rational components of their conscience: their intuition, emotions, or imagination. Intuition helps one to handle tacit or non-intellectual knowledge. Emotions are powerful motivators. And imagination allows one to “think outside of the box.”

The relational perspective of conscience does not view it as an “utterly autonomous ethical sense,” but instead as “the individual’s personal and self-conscious integration of collective moral wisdom with her/his own learned insights” (Hogan 2000: 15). There are different kinds of external moral authorities and one may assign different weights to moral examples or advice from different people or groups. Finding a right balance between one’s conscience and moral impulses coming from others is not always easy. A truly relational understanding of conscience sees this process as a dialog in which both sides acknowledge that their understanding of the moral situation at hand is necessarily limited.

This dialogical nature implies that the development of one’s conscience is essentially open-ended. That however does not mean that one is left completely in the dark when it comes to the desired direction in which to form one’s conscience. C. E. Curran (1999: 185–186) provides some guidelines: “Many different criteria have been proposed down through the years, but the most adequate criterion in my judgment is the peace and joy of a good conscience” (Curran 1999: 185–186). As long as one’s conscience remains unsatisfied, there also remain unanswered questions. One tries to answer them with the

help of introspection and by consulting one's moral community and its moral authorities. At the point "[w]hen all the pertinent questions have been raised and settled, one is at peace precisely because no questions remain" (Curran 1999: 185–186).

3 The Common Good

While conscience represents the personal side of ethical decision-making, common good represents the societal or communal dimension. Just as conscience should guide persons in their ethical decisions, common good should provide guidance for societies and communities regarding their social, economic, and political decisions. Like conscience, common good also has a positive appeal that leads to its employment in every-day conversations, yet it is also often presented as a "black box," i.e. without proper discussion of its meaning. This leaves its meaning so open and so broad that it can become meaningless.

One of the widely used definitions of common good can be found in the pastoral constitution *Gaudium et Spes* (1965, para. 26): common good is understood as "the sum of those conditions of social life which allow social groups and their individual members relatively thorough and ready access to their own fulfillment." It gives examples of such conditions, among others "food, clothing, and shelter; the right to choose a state of life freely and to found a family, the right to education, to employment, to a good reputation, to respect, to appropriate information, to activity in accord with the upright norm of one's own conscience, to protection of privacy and rightful freedom even in matters religious" (*Gaudium et Spes* 1965, para. 26). More recently, Pope Francis elaborated on the notion of common good in his encyclical "*Laudato Si'*" to include other conditions such as the environment or global climate (*Laudato Si'* 2015, para. 23).

To better understand the meaning of the common good in the Catholic tradition, these statements need to be brought in a dialog with contemporary society. So for example D. Hollenbach (2004: 8) links the idea of common good to the way economists view a certain group of goods known as public goods. The characteristics of public goods include

that their consumption is non-rivalrous (i.e. consumption of this good by one person does not diminish the availability of the good for another person) and that it is not possible to exclude someone from their consumption. Some natural resources (for example, clean air) have this character. Hollenbach extends the category of public goods further and focuses on public goods that emerge as a result of human interactions. What leads to the existence of public goods is sharing. Sharing, in turn, is rooted in relationships among the people in the community and “positive relationships are, in fact, preconditions for such sharing” (Hollenbach 2004: 8). Therefore, it is the quality of the relationships between people that is the constituting factor for the existence of particular public goods, and as such these relationships constitute the most general notion of the common good. “Any good of a person that is a real good [...] is embedded in the good of the community. Conversely, any common good that is a real good is simultaneously the good of persons” (Hollenbach 2004: 79). Politically, this common good manifests itself in debates how we can live together as a political community; economically it is expressed by the kind of economic relationships that the given community supports or discourages.

There are interesting parallels to this understanding of the common good in the social entrepreneurship literature. For example, Santos (2012) argues that social entrepreneurs are likely to emerge in areas in which private actions create large positive externalities, or—in the words of his theoretical model—in which it is “difficult to capture created social value.” Because social entrepreneurs focus on value creation instead of value capture, they can succeed in producing public goods. But it is not just the public good they produce that matters. Just as Hollenbach points out, the key to their success lies in the relationships they create, because not just any relationship is equally conducive to the common good. Some relationships may on the contrary lead to fragmentation of communities because they tend to create “lifestyle enclaves” of people enjoying “shared patterns of appearance, consumption, or leisure activities. Their relationships are based on some feature of private rather than public life” (Hollenbach 2004: 36).

The same is true for relationships that are strictly utilitarian in the sense that they exist only because and only as long as they are profitable

for the parties involved. As soon as one of the parties in the relationship stops seeing its usefulness, it can be discarded. Such inward-oriented and utilitarian relationships may be contributing to the private good of those involved, but they rarely contribute to the wider community, because they tend to divide rather than unite. A similar distinction exists in the literature on social capital, one of the public goods generated by social enterprises, which distinguishes between bonding and bridging relationships: bonding social capital leads to creation of close-knit sub-communities which are closed to interactions with others beyond their boundaries (such as private clubs, sects, or tribes), while bridging social capital allows one to cross social, economic, religious, or ethnic divides in order to cooperate with members of other sub-communities (Putnam 2000; Coleman 2010).

The importance of bridging social capital is emphasized by Hollenbach when he says that common good resides in the diversity of goods achieved in diverse relationships: the identity of each person is created in “a host of diverse social, economic, political, and cultural interactions. Each of these relationships is capable of realizing some aspect of the human good. But none of these aspects is the whole common good” (Hollenbach 2004: 133). Therefore, “the common good as an ensemble of goods that embody the good of communion, love, and solidarity to a real though limited degree in the multiple forms of human interaction” (Hollenbach 2004: 136).

Solidarity is a key element of the proper understanding of common good. In a situation of exclusion or injustice true solidarity means action that specifically aims at overcoming the *status quo*. Catholic social thought expresses this principle with the phrase “preferential option for the poor.”³ Because those who are marginalized often lack voice in communal discussions concerning common good, all other parties involved should on their behalf express preference for solutions that rectify the situation of exclusion and injustice. Being partial towards those who need it thus does not cause injustice, but rather breaks the vicious circle that keeps people locked in a position of dependence and subordination. The theologian S. J. Pope argues that “[a]lthough the preferential option does constitute a form of partiality, the partiality it involves is both morally justified and necessary” (Pope 1993: 245).

4 Social Enterprise as a Forum of Discernment

Only few social entrepreneurs pursue their activities as private persons, but instead they work within organizations or teams of people known as social enterprises. These organizations bring another level of complexity into their decision-making process. This is the “meso” level in our suggested model: the level where personal conscience and understanding the common good can meet.

Venkataraman (2002) speaks about the firm as a place of equilibrating interests of various stakeholders through bargaining. This is an important insight, but in the context of social enterprises it is too simplified. The stakeholder theory often assumes that stakeholders are able to express and enforce their interests without any hindrances. That may be ideally the case in a market settings with clearly defined rights and obligations. But in the sphere of social entrepreneurship the situation is usually different. Social enterprises often work with vulnerable populations (women in patriarchal societies, people living in extreme poverty, migrants, disabled, or long-term unemployed people), who may not even be aware of their rights, nor of the way to express them.

Focusing only on interests and ignoring existing power relationships within and outside of the social enterprise is likely further marginalize those who are already voiceless (Dey and Steyaert 2016). Melé (2002, 2009) criticizes the stakeholder approach precisely because it disregards the quality of relationships, and suggests to replace the “logic of interests” with the “logic of responsibilities.” Unlike interests which emphasize individuality, independence, and moral autonomy, responsibility implies relationality, empathy, and moral duty. The shift from interests to responsibilities then also requires a different mechanism of negotiating the relationships within and without the social enterprise: while interests can be unilaterally asserted, responsibilities need to be discerned in a dialog (Cho 2006). This responsibility-based perspective also encourages attitudes of care for those who are vulnerable. Indeed, responsibility has been, along with attentiveness, competence, and responsiveness, viewed as one of the pillars of the ethics of care,

which is often contrasted to the more traditional utilitarian or deontological ethical approaches (Tronto 2005).

In the Catholic tradition, discernment, or distinguishing one thing from another as they really are, is often associated with the spirituality of St. Ignatius (Gallagher 2005), although the practice of discernment as a guide to ethical action has also been an integral part of other religious and spiritual traditions (Greenberg and Mitra 2015). Discernment is often seen as a solitary activity, but this is not accurate. In the Ignatian tradition, even in the relative isolated context of spiritual exercises, discernment happens in a dialog between the discerning person, God, and a spiritual director. Discernment can also take an explicitly collective or social form, such as for example when an organization engages in mission discernment (Gallagher and Goodstein 2002).

The process of social (collective, organizational) discernment can be summarized by the three-step method of *see—judge—act* (sometimes accompanied by a fourth step: *celebrate*). This method connects sharing experiences, discussing ethical considerations, joint social action, and shared enjoyment of the results. These steps are not undertakings of one single person, but as a focal points of a collective discernment process of a community (Dawson 2000; Verstraeten 2005).

Although originally this method uses of the text of the Bible as ethical guidance, it is principally open to impulses from other ethical systems as well. Discernment in secular social enterprises can for example use the organization's mission statement as a guide for judging an existing situation and formulating appropriate action(s) in response to it. In this sense, the method is open ended, and its purpose is to facilitate, not predetermine, the result of the process of collective reflection.

5 Conclusions

The paper argued that relational understanding of conscience, discernment, and common good can provide basic guidelines of ethical decision-making for social entrepreneurs. It challenges the widespread individualistic vision of an entrepreneur as a natural-born hero who

has been called to transform the society for others. On the contrary, it supports ties of communication, understanding, and solidarity between social entrepreneurs and the communities they work in. It is these relationships that can make social entrepreneurship truly social and caring.

Admittedly, this is a perspective that is only slowly gaining ground in contemporary mainstream business environment. But this does not mean that it would be brand new or revolutionary. On the contrary, some of its principles have been in use for decades to support thriving business organizations. As mentioned above, there are two at least large networks of enterprises that function according to the relational principles of the Catholic social thought outlined in this paper. One of them, the “Economy of Communion” network, founded in 1991 in Brazil by Chiara Lubich, currently consists of over 800 companies of various size located on 4 continents. In order to belong to the network, each company must agree to follow certain ethical principles, which constitute its “culture of giving.” As the network emphasizes, this goes beyond welfare or philanthropy, but it means that all activities should be centered around the notion of “communion,” or mutually fulfilling human relationships. In practice, it means that the member companies follow rules regarding their relationships with their workers, suppliers, communities and others that are impacted by their activity, in which these relationships take priority over profit. If profits are reached, they are divided among three main uses: to support inclusion of marginalized people, to develop the business itself, and to educate others about the principles of the network.⁴ The second example, the Mondragon Corporation, founded as a co-operative in 1956 by a José María Arizmendiarieta, a Catholic priest, in the Basque region in Spain, is today a network of over 260 companies with more than 80,000 employees, active in fields such as finance, industry, education, or retail. Despite its size, its values still retain its original co-operative spirit: it does not define itself simply as “a business,” but as “business-based socio-economic initiative” which values—among others—democratic organization, subordination of capital to labor, participatory management, or wage solidarity.⁵ There is also an increasing academic interest in Mondragon, which challenges

existing management theories by showing that cooperation and solidarity can be the basis of a successful enterprise (Bretos and Errasti 2016; Flecha and Santa Cruz 2011).

Despite these examples, there are at least two areas in which further research is needed. As noted above, the particular perspective outlined in this paper is rooted in Catholic social thought. However, given the long and at times infamous history of Catholicism and institutionalized religion in general, there is often some hesitation on the part of (especially Western) social entrepreneurs to talk about issues related to religion and spirituality. Research in this area can help spell out connections of this particular framework to other religious and spiritual traditions or to secular humanism that can overcome this initial distrust. For example, focusing on shared tangible goals can help various actors cooperate together, despite their theological or ideological differences. This leads us to the second area for further research: how to measure these goals and their achievement in a mutually comparable way? In other words, how to transform the rather vague notions of conscience and the common good into something tangible? While there are some promising approaches in the area of impact measurement which strive for more relational perspective (Bassi 2011, 2012), more conceptual and empirical work needs to be done before these approaches can achieve general application.

Notes

1. For example, Melé (2013) argues that there is an increasing attention in the field of business ethics paid to spirituality- and religion-based contributions. Bouckaert (2012: 22) claims that promoting the spiritually-based types of business ethics can help it regain its potential to criticize unethical business practices because “spirituality – as an inner experience of deep interconnectedness with all living beings – distances us from the pressure of the market and the pressure of business as usual.”
2. This text omits the historical background of these discussions. See Langston (2001) or Lusvardi (2012) for more details.

3. See, for example, the use of this concept by Pope Francis in the context of his discussion of common good in his recent encyclical *Laudato Si'* (2015, para. 158).
4. See <http://www.edc-online.org/en/>.
5. See <https://www.mondragon-corporation.com/en/>.

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The Caring Attitude of Christian and Buddhist Entrepreneurs

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This paper analyzes the way a spiritual value orientation influences entrepreneurs in terms of the development of a caring attitude in business. For this purpose it presents the results of a qualitative explorative study about Christian and Buddhist entrepreneurs in Hungary. The value orientations of Christian and Buddhist entrepreneurs have a different ontological background. Christianity is an anthropocentric tradition, while Buddhism emphasizes the intrinsic value of all (human and non-human) sentient beings. Nevertheless, caring for others is of major relevance in both spiritual traditions, and is expressed by the core value of solidarity in the value orientations of Christian entrepreneurs and by the core value of compassion in the value orientations of Buddhist entrepreneurs (Kovács 2017).

According to the findings of the research, caring appears in five intertwined fields of business, and is realized in the analogous business practices of spiritually oriented entrepreneurs, regardless of whether they

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are committed to Christian or Buddhist values, if: (i) they consider the interests of their employees to a great extent; (ii) they treat their stakeholders equally by awarding the same importance to their suppliers and all other partners in business as they award their customers; (iii) they pay attention to preserving culture and the natural environment; (iv) they have a long-term orientation, and aim to achieve long-term sustainability; and (v) they define the goals of business more broadly than simple profit-maximization.

This paper summarizes a qualitative explorative investigation amongst Christian and Buddhist entrepreneurs in Hungary with the aim of describing the role of caring in business, and the achievement of putting caring into practice in business. The studied entrepreneurs can be considered transformative leaders who base their practices on spiritual values (Miller 2004), and who are able to inject their spiritual values into their business organizations.

The paper is comprised of five sections. The first section introduces the concepts of value, spirituality, and spiritual value orientation. Furthermore, it gives a short summary of the role of spirituality in business. The second section highlights the importance of caring in business, presenting caring as among the most relevant Christian and Buddhist business values. In doing so, it gives a short insight into Catholic Social Teaching (CST) and Buddhist economics. The third section describes the most important characteristics of the entrepreneurs under analysis and describes the research methods used in the study. The fourth part discusses the results and introduces the five intertwined fields where caring is implemented in business by Christian and Buddhist entrepreneurs. The paper finishes with conclusions.

1 Spiritual Values in Business

Numerous scholars have attempted to define the concept of value (Bankwala 2004; Bem 1970; Braithwaite and Law 1985; Burroughs and Rindfleisch 2002; Fallding 1965; Firth 1953; Kluckhohn 1951; Rokeach 1969, 1973, 1979; Schwartz 2012). Common to all

definitions is the consideration of “value” as a standard which persists through time and organizes systems of action.

Values play a fundamental role in building up our social world. In a Kantian sense they are imperatives that contribute to consistent behavior (Boudon 2001; Kluckhohn 1951). Once a value is internalized, it becomes a standard for guiding action. According to Rokeach (1973), an adult person between ten and one dozen values that guide their action.

The management literature contains many attempts to define spirituality or describe its characteristics, but giving a standardized, substantive definition for the term is very difficult because of the plurality of spiritual experiences (Bouckaert 2007). According to the Christian-Catholic approach, spirituality pertains to the soul (Pope Francis 2013; Pope John XXIII 1961; Pope John Paul II 1981). The Dalai Lama (2008) identifies spirituality with the study of the internal dimensions of the human mind. The difference between these definitions stems from the different ontological backgrounds of the two traditions (Allport 1950; Morris 1956; Thompson 2008). Empirical evidence affirms that the Christian value orientation is anthropocentric (Gasparski 2004; Melé 2011; Thompson 2004), as it involves putting human beings, created in the image of God, at the center. In contrast, the ontological basis of Buddhism is the interconnectedness of all sentient beings—human and non-human alike (Zsolnai 2007a, 2008).

Most definitions of spirituality share a number of common elements: reconnection with the inner self, deep empathy with all living beings, and a desire to keep in touch with the source of life or ultimate reality (Bouckaert 2007; Bouckaert and Zsolnai 2011). This paper uses a broad definition of the term spirituality that was created by the European 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’” (European SPES Institute 2018).

Gorsuch (1969) asserts that religion has a major causative impact on the formation of values. The value definition of Rokeach (1973) also includes the idea that values transcendently guide judgments and actions. Thompson (2008) highlights that spirituality may draw from

various religious discourses, but it in every instance promotes the practice of universally accepted values. According to Joas (2000), values and value commitments arise through experiences of self-formation and self-transcendence. Grof (1998) asserts, from an empirical basis, that subsystems of values are based on our knowledge and understanding of the universal order.

Thus, spirituality emerges as one of the determining factors of values and value orientations. It is an important, but not the sole source of values, as certain values or value orientations may be formed without any spiritual background. Although spiritual experiences are highly personal, their role is fundamental in social relationships (Bouckaert and Zsolnai 2011) and in business, as anyone can exercise and realize their personal spirituality in economic life (Thompson 2008) and become a transformative leader (Miller 2004). Spirituality and a spiritual value orientation can provide intrinsic motivation in business, helping to establish wisdom, creativity and reciprocity in the economy (Bouckaert 2010). Spirituality opens up a distance from the pressures of the market and the routines of business-as-usual. This distance is a necessary condition for the development of innovative ethical ideas and practices (Bouckaert 2011). Furthermore, spirituality can improve the ethicality of decisions, such as these decisions can be understood as the self-expressions of decision-makers, and spiritual experiences help people to transcend their self-centeredness (Zsolnai 2011a).

2 Caring in Business—Christian and Buddhist Insights

Authentic care is a precondition for realizing personal, social and environmental well-being, and may develop from an experiential oneness with others. Thus, if we seek to improve the ethicality of our decisions, we should strive to personally develop. In doing so, our spiritual experiences may help us to transcend our narrow self-conception. Ethics may thus be seen as a route to self-realization (Zsolnai 2007b).

According to Fry (2003), spiritual leadership entails (i) a vision; (ii) an organizational culture; and (iii) genuine care for others. Caring for others in business is a psychological necessity (Solomon 1998), and is present in the Christian conception of integral human development as solidarity (Melé 2011; Pope John Paul II 1987) and in Buddhism as compassion (Dalai Lama 2008) and genuine care (Zsolnai 2007a, 2008, 2011b). These values emphasize the importance of the well-being of others (Prassas 2015).

CST summarizes the central tenets of Christianity that are relevant in society and in business. CST developed mainly in the twentieth century through the publication of numerous documents by the prevailing popes and the Magisterium of the Holy See. It does not represent a technical approach, nor a model, nor a set of economic policies, but at the construction of a framework of humanism that aims at the protection of human dignity and integral human development (Melé 2011).

The Pontifical Council for Justice and Peace (2004) introduced the values and the principles of CST. Solidarity is a moral requirement inherent within all human relationships, and pervades all four of the principles of CST.

“The Vocation of the Business Leader” highlights six practical principles for business leaders (The Pontifical Council for Justice and Peace 2011). The former must (i) produce goods which are truly good and services which truly contribute to the common good; (ii) maintain solidarity with the poor by being alert for opportunities to serve deprived and underserved populations and people in need; (iii) make a contribution to the community by fostering the special dignity of human work; (iv) provide opportunities for employees to exercise appropriate authority; (v) ensure the stewardship of resources—whether capital, human, or environmental—they have received; and (vi) be just in the allocation of resources to all stakeholders. Pope Francis also emphasized that business has a major role to play in the realization of genuine solidarity, genuine care for the poor, and the fight against inequality (Tornielli and Galeazzi 2015).

CST emphasizes the importance and the centrality of the value of solidarity in business (Pope Leo XIII 1891; Pope Paul VI 1967; Pope John Paul II 1987; Pope Benedict XVI 2009; Pope Francis 2013, 2015). According to Melé (2011), solidarity represents caring, and entails the practice of fraternity and all activities towards the realization of the common good (Kovács 2017).

The notion of Buddhist economics was introduced by E. F. Schumacher (1973) in the early 1970s, while Buddhist economics has evolved into a discipline since then (Payutto 1994; Welford 2006; Magnuson 2007; Zsolnai 2008).

Schumacher's (1973) conception of Buddhist economics emphasizes that Buddhism does not accept man's superiority to other species and the environment, and prescribes compassion in business. Alexandrin (1993) has determined five elements of Buddhist economics: (i) the characteristics of the actor; (ii) the economic operators that are used; (iii) the values of economic action; (iv) the perspective of economics; and (v) economic behavior.

In the Buddhist approach, the economic actor is a being who strives for enlightenment, and who aims at optimization rather than maximization. The values used to describe economic affairs are generosity, compassion and mindfulness, rather than profit or utility. Economic behavior implies cooperation rather than competition. One of the most important economic values is compassion, put forward as an important principle of business activity (Alexandrin 1993).

Nelson (2006, 2011) examined economic institutions and the role of economic activities in general from an ontological point of view, arriving at the conclusion that their interdependence is the basis of the practice of compassion in business. Zsolnai (2007a, 2008, 2011b) highlighted the five principles of Buddhist economic strategy that represent a minimizing framework. These principles are (i) the minimization of suffering; (ii) the simplification of desires; (iii) the practice of non-violence; (iv) genuine care; and (v) generosity. Buddhist economic strategy is an evaluative instrument for economic activities which awards a major role to genuine care in the former.

The concepts of Buddhist economics emphasize the centrality of the value of compassion in business (Schumacher 1973; Alexandrin 1993;

Payutto 1994; Nelson 2006, 2011; Zsolnai 2007a, 2008, 2011b). Compassion in business entails caring or genuine care and activities that aim at the creation of well-being (Kovács 2017).

Caring is present in Christian and Buddhist values for business. It is embodied as solidarity for Christians, and as compassion for Buddhists. A caring attitude in business is maintained by following these values, which in turn results in forms of behavior that put the interest of others first, and aims at the realization of the common good, or the well-being of all.

3 Christian and Buddhist Entrepreneurs in Hungary

Qualitative empirical research was conducted amongst spiritually oriented entrepreneurs in order to investigate the place of caring in business. The aim of the study was to explore the fields of business activities where caring appears and is implemented by Christian and Buddhist entrepreneurs. Furthermore, the research explored the specific management practices of spiritually oriented entrepreneurs that aim to put caring into practice.

Semi-structured interviews were used as the primary data collection method because this method is ideal for conducting explorative studies (King 1994; Sankar and Jones 2008). The secondary data collection method involved the inspection of documents—a systematic process of reviewing and evaluating both printed and electronic documents of the enterprises which were involved. This process was used to complement the primary data and ensured the triangulation of data sources by which data could be verified (Flick 2009; Miles and Huberman 1994).

Furthermore, qualitative content analysis and document analysis were used to formulate the results of the investigation. Qualitative content analysis is a research method for interpreting the content of textual data through the systematic process of classifying, coding and identifying themes or patterns (Hsieh and Shannon 2005) to obtain replicable and valid inferences from texts (Krippendorff 1989, 2003). Document

analysis is the process of evaluating documents by which a researcher may ascertain how the content of documents fits the conceptual framework of a study (Bowen 2009), and how it complements the results of qualitative content analysis in an investigation.

Twenty-two entrepreneurs were included in the research: eleven Christian, and eleven Buddhist business people (Kovács 2017). The decisive trait of the participants was their ability to infuse spiritual values throughout their economic activity (Ronstadt 1984); that is, they were considered transformative leaders who base their leadership practices on spiritual values (Miller 2004).

Seven Christian participants in the study were at the time of the research the owners and the CEOs of their enterprises, while four participants were executives of bigger organizations. Nine of their organizations operate in the services sector, and five of these nine entrepreneurs run management consultancy firms. One organization operates in the logistics sector, and another in the industrial sector.

Eight Buddhist entrepreneurs in the study are owners and CEOs of their enterprises, while three of them are executives in bigger organizations. Five enterprises operate in the services sector, and four of these five entrepreneurs run management consultancy firms. Three organizations operate in the commercial sector, one in the industrial sector, and two others in the financial sector.

Considering the number of employees and their annual income, the organizations of Buddhist entrepreneurs are generally smaller than the organizations of Christian entrepreneurs in Hungary, which is a predominantly Christian country.

4 Dimensions of Caring in Business

This section of the paper introduces the results of the empirical research that was conducted amongst Christian and Buddhist entrepreneurs in Hungary. Findings emerged during the execution of qualitative content and document analysis that were applied to the interview transcripts and the mission statements of the organizations through a process of coding categories and patterns (Miles and Huberman 1994).

According to the patterns emerging from the data analysis, five major fields of caring in business could be identified. These intertwined dimensions of caring involved: (i) employees; (ii) stakeholders (business partners); (iii) culture and nature; (iv) the temporal perspectives of business; and (v) the goal(s) of business.

Caring for employees is awarded a major role in the business practices of study participants. They consider the interests of their employees to a great extent, regardless of whether they are owners or work as executives of their organizations. Employees are referred to as fellow workers or colleagues instead of workforce or laborers. Employee retention is awarded crucial importance, and humane, constructive forms of dismissal are used only in unavoidable cases. Creating a sense of calmness, harmony, and a friendly atmosphere at the workplace is a primary goal. The existence of a family-friendly workplace in which young mothers and parents with big families can work from home and are only required to be present at the company workplace in the most necessary cases is also promoted. According to the entrepreneurs' accounts, these initiatives contribute to strengthening team spirit. Fifteen participants mentioned explicitly in their answers that the well-being of their employees is crucial, and they are prepared to support the latter even at the expense of making a profit. Empirical data show that spiritually oriented entrepreneurs are rewarded by the high level of loyalty of employees, a low rate of employee fluctuation, a high level of performance, and the easy recruitment of new, quality employees. These observations are in line with the findings of Frank (2004).

The entrepreneur participants confirmed their attempts to foster committed forms of stakeholder management. In doing so, they promote caring for their subcontractors. Data indicate the importance of the focus on equality in stakeholder management, as the participants consider their suppliers to be as important as their customers, and regard all of their subcontractors as business partners. The entrepreneurs emphasized that engaging in well-balanced forms of co-operation with their partners is a prerequisite for a well-functioning business.

The participants of the study pay significant attention to caring for culture and nature, thus they strive to consider the interests of the most vulnerable stakeholders. All of the participants donate money for social

purposes by implementing smaller or larger CSR programs, depending on the size of their companies. One of the ventures organizes its core business activities around the protection of nature and the preservation of cultural heritage, considering that conserving this value is the foremost aim of the enterprise. Due to their spiritual value-commitment, six entrepreneurs are engaged with CSR or employer programs that are designed to support minorities and underprivileged people by providing work for the latter, or by paying the costs of their education.

The temporal perspectives of business are awarded great importance. According to the data, participants strive to pay attention to the impact of their business activities in the spirit of caring for the future. One remarkable dimension of their spiritual value orientation is their long-term thinking. Participants talked about their plans in terms of at least 30 years, and refused to award much importance to the short-term, profit-oriented information provided by quarterly or half-yearly reports about costs and incomes. None of the participant entrepreneurs stressed the importance of short-term profitability, but all stressed the importance of developing long-term, sustainable ways of functioning.

The empirical data suggest that participants define the goals of their business broadly, as they do not strive for simple profit-maximization but rather the achievement of a multidimensional set of goals, in which caring for others, especially caring for employees, is of primary importance. Fifteen cases testify that the entrepreneurs are dedicating a significant proportion of their potential profit to contributing to the professional and human development of their fellow workers. Regardless of their spiritual value orientation, Christian and Buddhist participants also emphasized that the related initiatives were introduced because the self-realization of their employees is more important to them than the goal of profit-maximization.

5 Conclusions

The goal of spirituality is not to cultivate material wealth. Instead, promoting inner human development is of major importance, in which caring for others plays a major role. In terms of a spiritual approach, the

purpose of business is not just to make a profit, but to foster the self-realization of all those who are affected by it (Zsolnai 2004).

The results of the present research show that caring for others is awarded major relevance in the management practices of both Christian and Buddhist entrepreneurs, in line with the findings of Fry (2003) who suggests that caring is one of the three major dimensions in which a spiritual value commitment is visible in business. The empirical evidence suggests that caring influences participants' activities in five intertwined fields of business. Namely, in (i) dealing with employees; (ii) dealing with business partners; (iii) caring for culture and nature; (iv) defining the temporal perspectives of business; and (v) defining the goals of business. These five overlapping fields represent the areas in which the value of caring is put into practice by both Christian and Buddhist entrepreneurs.

The results of the research described herein can be further strengthened and verified by expanding and diversifying the research population. By including participants from other sectors of the economy, some possible limitations of this study can be addressed (consultancy firms were predominant in our research population). Furthermore, the role of caring by spiritually committed entrepreneurs can be further elaborated by involving more participants from other spiritual traditions (e.g., Islamic or Jewish entrepreneurs). Finally, one further research direction would be to internationalize the research by involving entrepreneurs from outside Hungary to facilitate identification of the special characteristics of caring that are specific to the Hungarian research population.

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Caring Entrepreneurship and Ecological Conscience—The Case of Patagonia Inc.

Knut J. Ims

Entrepreneurship is critical for increasing the capacity for innovation and responsiveness of business, and the entrepreneurial spirit may manifest itself in a number of ways. The opening up of new markets, creation of new products and methods of production and management, and even the establishment of new businesses and new organizational forms are the potential results of entrepreneurial activities. However, not all activities and all businesses promote good values and are dedicated to solving the most serious of society's problems. One of the biggest challenges today is how to make modern business part of the solution to climate change, which is the major problem for the planet and, in particular, for future generations. Climate change is a human-made "mess" caused by the massive and unprecedented violation and exploitation of the Earth.

The economic and psychological theory of entrepreneurship can be used to gain insight into under what circumstances individuals become

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entrepreneurs, and what characterizes the development and character of entrepreneurs that genuinely care about nature as a primordial stakeholder. This paper presents the case of Yvon Chouinard, founder of Patagonia, a clothing company. Chouinard has succeeded in creating innovative solutions and has implemented a number of pro-social and pro-environmental activities that can inspire other business leaders, organizations, and businesses to engage in more sustainable practices.

This paper gives an account of the background of Chouinard's ecological consciousness that makes him and his business a role model for other companies. The paper also reflects upon what would be a more fitting education for business leaders at a time when management theories and the field of economics are dominated by abstract theories whereby narrow self-interest and a mechanical worldview support subjecting nature to rent-seeking behaviour. Such an approach does not diminish the violent treatment of nature and overconsumption in the Western World.

1 Introduction

Entrepreneurship has been a topic of discussion and inquiry among economists and business scholars for decades, but there is no consensus about what constitutes entrepreneurship, nor a cogent theory of the entrepreneur. Schumpeter (see Kurz 2012) described the entrepreneur as a heroic innovator who discovers new combinations and initiates discontinuous change. Harper (2003), who delves into the psychological, cultural, political and institutional context, focuses on the phenomenon of entrepreneurial alertness and its determinants.

While Weber (1930) argued that the protestant ethics set the stage for the industrial revolution on the European continent, his hypothesis has not been conclusively validated. However, his seminal work gives many clues to understanding entrepreneurship and industrial capitalism (Kalberg 2002). Western culture, of which individualism is a crucial element, provided a climate that was very suitable for the emergence of modern entrepreneurship. The Calvinist notion of demonstrating one's faith through the performance of good work stimulated believers to choose business as an occupation for achieving their life's goals.

However, there is a more developed literature that explores non-conformists as successful entrepreneurs. One interesting study involves a major religious maverick in Norway, *Hans Nielsen Hauge* (1771–1824), a lay preacher who was engaged in a great number of entrepreneurial initiatives and was able to collect a large group of followers from around Norway during a relatively short period. Hauge is known for his life-changing conversion experience at the age of 25, which implied that “Hauge was launched into a whirlwind of religious and social activism that continued until his final arrest in 1804” (Dalgard and Supphellen 2011; Breistein 1955).¹

The case of Hauge demonstrates how one single person under the right circumstances can drive fundamental change at a societal level. Hauge led a spiritual awakening in Norwegian society and succeeded in starting a number of enterprises which employed many thousands of his followers—children, women, poor peasants, and unemployed people. He disseminated about 250,000 pieces of writings among the largely illiterate population of 900,000, and gave followers a feeling of self-worth and pride, which became an important component for the Norwegian liberation process of the nineteenth century (Breistein 1955).

The unit of analysis in this paper is the individual entrepreneur, not the entrepreneurial team or firm. We note that economics, when speaking of entrepreneurs, typically considers not the individual but the function of entrepreneurship; a special device that is introduced to simplify such frameworks (Harper 2003: 8).

Zsolnai et al. (2016) proclaim that the size or scale of the economy relative to Earth’s biophysical systems must be explicitly addressed. Our new geological age, called the “Anthropocene,” requires an ecological transition whose implications for business are as follows: Business should ... (i) not transgress its fair earth share; (ii) contribute to the preservation and regeneration of life forms; (iii) not violate the freedom of future generations; but, (iv) contribute to the flourishing of people and their communities. In order to satisfy the above requirements, innovative, new business models are needed.

The “more is more” and “bigger is better” ideology has destroyed the respect for natural limits and the idea of sufficiency. By transgressing

ecological and ethical limits, business activities have become the primary driver of the materialism of our societies and the joyless behavior of people. This is an outcome of adhering to a mainstream economic approach which is premised upon rational, instrumental and self-interested behavior. However, business is an existential enterprise because its decisions and policies greatly influence the fate and survival of nature, society and future generations.

One interesting question is whether entrepreneurs are significantly different to non-entrepreneurs across situations. In particular, there is one variable that has received attention in the literature about the psychology of entrepreneurship. This is the individual perception of control and self-efficacy (Boyd and Vozikis 1994). Self-efficacy is defined as the individual's subjective expectations about the extent to which one can produce effects/outcomes and exert power over what happens in one's life. It thus concerns beliefs about the locus of control and self-efficacy (or expectations of competence) (Bandura 1977: 193). Thus, it involves two types of expectations about the self: the confidence that a given behavior will lead to a certain outcome (an internal locus of control), and a conviction that one is able to produce the required outcome. Harper's central thesis is that when "an agent's locus of control is internal and he or she has the knowledge and capabilities to carry out the tasks, the more acute and sustained will be his or her alertness to opportunities" (Harper 2003: 37).

This paper focuses on *Yvon Chouinard*, an ecologically conscious entrepreneur. Chouinard became a self-made company owner in adult life and has created a private, profitable apparel company based upon manufacturing, repairing, reselling, and recycling products. The company, operating under the global brand name Patagonia, provides a lifetime guarantee for all of its wares. If a product can no longer be repaired, Patagonia will recycle it and reimburse the customer (Hoang 2017). The business idea is that products should last a lifetime. In a sensational full-page advertisement on Black Friday, 2011, the company proclaimed an Anti-Growth Strategy. The advertisement in the *Times* read "Don't Buy This Jacket." The text in the advertisement reported on the environmental cost of the company's top-selling sweater and recommended that buyers should think twice before buying it, or

other products. Paradoxically, the advertisement boosted sales significantly the following year (see MacKinnon 2015). In 2016, Patagonia made more than 710 million dollars in sales, and each year 1 percent of the sales revenue is donated to hundreds of environmental organizations. Patagonia has undertaken a number of novel ecological initiatives that have inspired other companies. Their financial philosophy is to be a product-driven company, and the bottom line is the amount of goods that the business has created over the year. The making of profit is not a goal, since the company is inspired by the Zen saying that profits are created “when you do everything else right” (Chouinard 2006; 2016: 151). Naomi Klein, who has written several books revealing some of the inconvenient truths about capitalism (2014), and who explicitly does not endorse multinational corporations—even “green” ones like Patagonia—writes that “Yvon Chouinard’s experiment...is like nothing that has come before, and therefore deserves our closest attention” (Chouinard 2016: viii–ix).

2 Methodology

This paper uses the case-study method as a research and learning tool. The conventional wisdom about case-study research should be updated, because the scientific status of this approach is underrated (Flyvberg 2006). In business ethics it is of paramount importance that paradigmatic cases of business (in the sense that “they shine”) are selected and studied. The case-study approach is in agreement with the Kuhnian insight that a scientific discipline without a large number of thoroughly executed case studies is a discipline that lacks the systematic production of exemplars.

Business ethics as a discipline would be meager and ineffective without including enlightening exemplars that inspire and can be imitated. Such exemplars can also negate the false assumptions that good managers ought to be opportunistic. One important problem with such assumptions is that they often turn out to be self-fulfilling (Ghoshal 2005). Therefore, the appropriate strategy is to identify an enlightening case that shows that it is possible for business to be part of the solution

to climate change and is not a big contributor to environmental pollution and other “ills.” The question of which case to select amongst the companies that are caring in an ecological sense is not straightforward. In an earlier study, the present author selected SEKEM and its founder Ibrahim Abouleish (2012) as a paradigmatic case (Ims and Zsolnai 2015). This time I have selected a different case to provide deeper insight and to generate more knowledge on successful entrepreneurs.

Flyvberg (2006) notes that it is not possible to use fixed criteria when selecting a paradigmatic case, but experts can use their intuition and their experience based upon thousands of other cases to make an informed selection. As Dreyfus and Dreyfus (1986) write, it is only the novice who needs strict rules as criteria. Based upon expectations about the information content associated with Patagonia and its entrepreneurial leader Yvon Chouinard, it appears to be an interesting case to study.

Case studies also often contain substantial narrative elements. A good narrative is often a story with surprises, paradoxes, and complexities. These may make the narrative difficult to summarize in the form of general propositions and theories, but a thick narrative should be understood as a “rich problematic” (Flyvberg 2006: 237).

By selecting Patagonia and its founder and leader for study, I hope to increase our understanding of ecologically based businesses in general and enrich our concepts about entrepreneurship. Also, the selection demonstrates that extreme positive cases exist and that such businesses are not condemned to be losers in a globally competitive market. More specifically, my unit of analysis is the individual person Yvon Chouinard, his entrepreneurial character, his actions, and the social context in which he operates.

We claim that Patagonia is a paradigmatic example of how to combine business activities and caring for the Earth. The case illuminates how the company’s founder and leader Yvon Chouinard was able to integrate an ecological conscience into his company and business in general.

There is a stream of research about social entrepreneurship that is partly inspired by Gilligan’s ethics of care (for example, Andre and Pache 2016; Dey and Steyaert 2016) which involves an investigation of the different forms that the ethical practice of social entrepreneurship can take. The example of Patagonia is related in many ways as it also demonstrates

caring for employees as well as clients. However, the main principle of the responsibility of Patagonia is care for the earth (Jonas 1984).

My research is mainly based upon Chouinard's autobiography (Chouinard 2006, 2016), other texts (Chouinard et al. 2011; Mason 2017), interviews with Chouinard, official documents from the homepage of his company (<https://www.patagonia.com/home/>), and some internet sources (MacKinnon 2015).

3 The Founder of Patagonia: From Loner to Rebel and Eco-oriented Businessman

Modern business has been very destructive towards land and ecology (Carson 1962/2002; Georgescu-Roegen 1971; Ims and Zsolnai 2006; Zsolnai et al. 2016; WWF 2014; Chouinard 2016; Hayha et al. 2016). However, there are “business” entrepreneurs that have based their operations on a philosophy of doing minimal harm to nature. One of these is Doug Tomkins, who founded the company “The North Face.” Inspired by Norwegian philosopher Arne Næss, Tomkins established the *Foundation for Deep Ecology* (FDE) in 1990. FDE is an institution that is intended to act as “a voice for wild nature,” and to “support efforts to protect wilderness and wildlife, promote ecological agriculture, and oppose the use of destruction of mega-technologies that are accelerating the extinction crisis” (<http://www.deepecology.org>; accessed 17 August 2018). Tomkins spent much time in wild nature with his good friend Yvon Chouinard, and each developed a business based upon their special interests in nature and their special competences, in spite of their lack of formal business education.

Patagonia Inc. is a clothing company founded by Yvon Chouinard. As a young child Chouinard wanted to be a fur trapper—not a businessman. He grew up as a French Canadian and moved with his family to California when he was seven years old. Having come from a French-speaking Catholic school, Chouinard was challenged when starting public school as he was the smallest child in the class, and moreover, was unable to speak English. In addition, he had to “defend [him] self because [he] ‘had a girl’s name.’” In his own words, “I ran away”

(Chouinard 2016: 4). Soon he was transferred to a parochial school, where he received help from the nuns who worked there. “My report card from that year showed Ds in every subject” (Chouinard 2016: 7). Language and cultural differences made him a loner, and he spent most of his time off by himself. He often biked many miles to reach a lake where he fished. Later, he spent every day after school “gigging frogs, trapping crawdads, and hunting cottontails with my bow and arrow” (op.cit.: p. 7). He describes his worst experience as being a student in high school. “I had pimples, I couldn’t dance, and I had no interest in any of the subjects except for the shop classes...I was always in detention” (op.cit.: p. 7). However, he excelled in athletics, but not while people were watching. One of his main interests was training hawks and falcons for hunting. The challenge was to find a hawk nest, and then to capture a young hawk to train. Chouinard states that this was the “most formative time of my life” (op.cit.: p. 7). When Chouinard was 15 years old, his greatest challenge was “to trap a wild goshawk, stay up all night with her until the bird finally develops enough trust to fall asleep on his fist, and then train the proud bird using only positive reinforcement, well, the Zen master would have to ask, ‘Just who is getting trained here?’” (op.cit.: p. 7).

In order to catch a hawk, he had to climb mountains. He wanted to make his own climbing hardware since he had started to climb the big walls in Yosemite, and that required hundreds of piton placements. He was an autodidact, and taught himself blacksmithing (2016: 10). He developed his own pitons, which were stronger than imported pitons and could be used several times, by trial and error. Friends of Chouinard also wanted some, so he started selling them for one-and-a-half dollars each. At that time European pitons cost only 20 cents, but Chouinard’s were better, and were required for climbing the difficult mountain walls. In 1957, 18-year-old Chouinard borrowed 825 dollars and 35 cents from his parents and drove to Los Angeles to ask the Aluminum Company of America to make him a special machine that he could use to forge his self-designed pitons (Chouinard 2016: 13). Now he only needed to work for some months during the winter producing his pitons and could spend the rest of the year climbing, either in Yosemite, Wyoming, Canada, or in the Alps. He was able to support

himself by selling his self-made equipment from his car, and lived on “fifty cents to a dollar a day” (Chouinard 2016: 13). Chouinard writes that he “slept two hundred days a year or more in my old army-surplus sleeping bag. I didn’t buy a tent until I was almost forty...” (op.cit.: 13). He and his friends were rebels against consumer culture. Politicians and businessmen were “greaseballs, and corporations were the source of all evil. The natural world was our home” (Chouinard 2016: 13). “We were like the wild species living on the edge of an ecosystem – adaptable, resilient, and tough” (Chouinard 2016: 13).

How did Patagonia start? On a trip in the mid-1960s, Chouinard bought a rugby shirt. When back home he used it when climbing because it was made out of tough material. Everybody said, “Wow, where’d you get that cool shirt?” He started importing a few pieces of colorful sportswear from England and was able to sell them straightaway. Then the snowball slowly gained momentum. He started making shirts, and.... finally, he understood that he had been pulled into the clothes making business (Hahn 2007: 202). The next important step was to make clothes out of synthetic material. “You could fall into a river in the winter, take it off and shake it and all the water would run out, and put it back on and it would save your life.” The clothes were functional and looked good too. “Suddenly our business took off...” (Hahn 2007: 203).

In the mid-1980s Patagonia’s revenue was 20 million USD, and by the mid-1990s it was 100 million. By 2006, revenue was more than 200 million, and by 2013 it was 600 million USD and the company was employing 2000 people. *Fortune* and *Working Mother* magazines named Patagonia as one of the 100 best companies in USA to work for.² Patagonia has now donated more than 22 million USD since 1985. One of its initiatives was in support of the health of the oceans. In “*Let My People Go Surfing*” (Chouinard 2006, 2016) Chouinard speaks of how Buddhism and mindfulness enhanced his business. He said that the business world was “the perfect place I found to apply Zen Philosophy...”, and that compassion and mindfulness could make his businesses a pleasure “to ourselves and a gift to our employees and the world” (Hahn 2007: 200).

The company is based in Ventura, California, is a member of several environmental movements, and is a certified B Corporation. This means

that the company is obliged to contribute to public-benefit concerns in parallel with making a profit. In 1989, a recession hit, but the company survived and learned a lot through the crisis. With “ten of our most important people we took a walkabout” in the real landscape of Patagonia in South America, and asked ourselves “Why are we in business? What are our values?” Through this, the following values were expressed; Quality: making the very best climbing equipment in the world. Making functional, hard-wearing, yet good-looking clothing.

The next value was “flexi time,” which led to the following company policy: “You go surfing when the surf comes up” (Hahn 2007: 205). The third value involved blurring the distinction between work, play, and family. Accordingly, Patagonia started a child-care center (one of the first on-site corporate child-care centers in America). Eighty percent of the employees were women. The fourth value was continuing to hire friends. No one in the company had an MBA, but everybody had a degree in anthropology, biology, or sociology. Chouinard himself has a degree from a high school in auto mechanics: “Instead of hiring people who studied business in school, we’d much rather hire passionate people who’d be interesting to go to dinner with and who did the sports that we were making stuff for...” (Hahn 2007: 206).

These values were written down and turned into a philosophy of doing business (Chouinard 2016: 63–64). The mission statement became “Make the best quality product. Cause no unnecessary harm. Use business to inspire and implement solutions to the environmental crisis.” The company is committed to sustainable “natural growth” and to selling their products to people that need them (Hahn 2007: 209). Chouinard then spoke with each individual employee to “instill in my company, at a critical time, lessons that I had already learned as an individual and as a climber, surfer, kayaker, and fly fisherman. ... You have to be true to yourself; you have to know your strengths and limitations and live within your means. It was time to apply a bit of Zen philosophy to our business” (Chouinard 2016: 66). Chouinard says: “I learned that ‘profits happen when you do everything right’” (Hahn 2007: 209).

The company then developed an environmental philosophy consisting of five principles. (1) Lead an Examined Life. (2) Clean Up Your Own Act. (3) Do What You Can Do. (4) Support Civil Democracy.

(5) Be a Role Model (Hahn 2007: 209–218). Step Five implies influencing other companies and other people, because one cannot save the world by oneself. “The proudest thing I’ve done is I’ve started an organization called ‘*One Percent for the Planet*’ which is now an alliance with 224 other companies that are all pledged to give one percent of their sales to environmental causes” (Hahn 2007: 217).

The company acknowledges that Patagonia is a producer and is thus part of the ecological problem (Lovelock 2006). Patagonia makes products which use fossil fuels, builds factories that use water and other resources, creates waste and emits carbon into the air. It ships products around the world in boxes and plastic bags, and consumes electricity—using renewable as well as non-renewable resources. Employees drive cars and ride on airplanes. “As individuals, we consume products... probably more than we need” (<https://www.patagonia.com/home/2016>).

The challenge is therefore to focus on what Patagonia can do to reduce, neutralize or even reverse the root causes of climate change. Accordingly, the horizon of responsibility includes:

1. Reducing the environmental impact of Patagonia and its supply chain
2. Supporting grassroots activists by paying an Earth Tax
3. Using Patagonia’s voice to advocate for systemic change
4. Empowering customers by making quality products that can be repaired
5. Supporting regenerative practices in ranching and agriculture
6. Envisioning a new approach to business.

Point (1) relates to measuring Patagonia’s carbon footprint. In 2015 the estimated emissions of Patagonia’s global operations were 3617 metric tons of CO₂. When opening new stores, Patagonia prefers to improve existing buildings. Green building projects are part of its strategy. A transportation program “Drive – Less” has been implemented for employees. The program uses monetary incentives to promote riding bikes, using a carpool or taking public transportation. A measurable result of the program is that in the first year (in 2011), 900 employees

collectively drive 690,000 fewer miles, reducing CO₂ emission by 500,000 pounds.

The Chemical and Environmental Impacts Program is a supply chain initiative that supports managing chemicals in a more careful way. The program covers all areas of environmental systems including waste, water use, and energy use. Another supply chain initiative involved the company becoming a founding member of the “Fair Labor Association” (FLA) in 1996. In 2007, the program “The Footprint Chronicles” traced the social and environmental impacts of Patagonia’s products.

Patagonia implemented a human trafficking detection tool in 2011. Audits of suppliers revealed that labor brokers were charging migrant workers from Asian countries up to 7000 dollars to get a job in the Taiwanese factory mills that supply Patagonia.

Points (2) and (3) involve supporting grassroots activists by paying an Earth Tax. This form of funding started in 1985. Patagonia now gives 1% of its sales revenue to the preservation and restoration of the natural environment. In 2015, the amount given to grassroots environmental groups was 70 million dollars. Patagonia’s employees can work up to 320 hours for environmental groups while continuing to receive their full salary from Patagonia. Another program helps oppose the construction of new dams and supports the transition towards lower impact energy and water sources that cause no harm.

Point (4) involves making products that are durable using raw materials that “cause less environmental harm than their counterparts.” A related motto is “Repair is a radical act.” In one of Patagonia’s advertisements, the text reads: “To make one of our best-selling jackets requires 135 liters of water, so by repairing it you will save many natural resources, CO₂ emissions and waste. Don’t buy what you don’t need. Think twice before you buy anything.” In 2015, an internal scorecard was created to rate the quality of Patagonia products on a scale from 1 to 10 (1 being the worst, 10 the best). Quality is defined and measured by product durability, reparability, multi-functionality, non-obsolescence, and lack of environmental harm (see also Chouinard et al. 2011). A checklist of criteria for Patagonia’s designers to consider is listed in Chouinard (2016); namely: “Is it functional? Is it multifunctional? Is it durable? Is it repairable? Does it fit our customer? Is it as simple as possible? Is the product

line simple? Is it an innovation or an invention? Is it a global design? Is it easy to care for and clean? Does it have any added value? Is it authentic? Is it beautiful? Are we just chasing fashion? Are we designing for our core customer? Does it cause any unnecessary harm?”

Point (5) concerns the environmental program “Worn Wear.” The message is “invest in quality and repair when things break, and celebrate the clothing that travels with us through life.” Patagonia has the largest garment repair center in the USA, located in California.

As regards Point (6), an internal investment fund has been established to help “like-minded responsible start-up companies bring about positive benefit to the environment.” The purpose is to inspire and use business to help mitigate the environmental crisis. Another initiative is being guided by The Stockholm Resilience Center concept of “planetary boundaries” (Steffen et al. 2015).

4 Discussion

Why did Chouinard become a successful entrepreneur? What were the decisive factors that drove the founder of Patagonia—character, context, or lucky circumstances? The hypothesis that was put forward by Max Weber concerning the cultural individualist orientation of entrepreneurs, seems to be supported. It is evident that the individualistic culture in the USA involves a strong entrepreneurial spirit. Beliefs in the “self-made man” and the American Dream (the idea that anybody has a “fair shot” at becoming a millionaire) creates a cultural context that stimulates entrepreneurial activity. Individuals that succeed are characterized by strong independence and a drive for achievement. These personal characteristics of successful entrepreneurs are supported by a British study (see Cox and Jennings 1995). Chouinard clearly fits the classification of an “elite independent entrepreneur.”

Reading Chouinard’s (2006, 2016) autobiography, it becomes clear that Bandura’s claims about the importance of the locus of control and self-efficacy make sense. As Harper (2003: 40–43) writes, “inner-directed people are more likely to be able to recombine and synthesize elements into new forms, to be independent in their thinking and to

resist coercion and pressures to conform.” When Chouinard was only seven years old, language and cultural differences due to his family’s relocation made him into a loner. His business had a very simple, natural start. Chouinard needed better tools for his mountain climbing, and knew that he was a competent handyman. One decisive step was when, at the age of 15, he became a member of a falconry club. His greatest challenge was to trap a wild goshawk—and to catch the hawk, he had to climb rocks, and to climb rocks, he needed the proper tools. After teaching himself blacksmithing, by trial and error he was able to make his own supreme quality pitons. His friends observed his innovative and robust tools, and Chouinard realized that he had a market. Chouinard’s self-efficacy is convincingly documented by the fact that, when he was 18 years old, he borrowed 825 dollars from his parents and drove to Los Angeles to make direct contact with the headquarters of the Aluminum Company of America to ask them to construct a machine to forge his self-designed pitons. Later, Chouinard came into the sportswear industry almost by accident. A rock-climbing friend of Chouinard noticed the fancy but strong rugby shirt that Chouinard had bought on a visit to Ireland. Chouinard responded by ordering more shirts, and the business adventure took off. Via successive innovations, he established his company in the sportswear industry and named it Patagonia (named after the Southern part of South America). The company grew and went through downturns, but demonstrated an ability to grow in a relatively stable and sustainable way.

If we investigate the tendency of non-conformists to be over-represented among entrepreneurs, we find convincing evidence that supports the findings of Dalgaard and Supphellen (2011) who studied Hans Nilsen Hauge. Chouinard admits that he and a small group of mountain climbers “were rebels from consumer culture.” Politicians and “businessmen” were “greaseballs,” and “corporations were the source of all evil” (Chouinard 2016: 13). As a self-declared Buddhist, he also fitted well into the non-conformist camp.

Reading Chouinard’s (2016) autobiography, it becomes clear that his general view of business people is not positive, but at the same time he acknowledges that business can produce goods that are required and contribute to the common good. He writes:

I've been a business man for almost sixty years....I've never respected the profession. It's business that has to take the majority of the blame for being the enemy of nature, for destroying native cultures, for taking from the poor and giving to the rich, and for poisoning the Earth with the effluent from its factories. Yet business can produce food, cure disease, control population, employ people, and generally enrich our lives. And it can do these good things and make a profit without losing its soul.... (Chouinard 2016: 1)

According to Chouinard, “business as usual” is a ruthless enterprise. But business has the potential to do good, and good deeds are not empty words, according to Chouinard, who through Patagonia has implemented a number of pro-social and pro-environmental activities that make his company an industry leader. We might recall that Patagonia supports grassroots activists by paying an Earth Tax, an idea which has been imitated by a number of other companies. The company acts as a role model by paying 1% of its sales revenue to support the preservation and restoration of the natural environment. Paying 1% of the sales revenue is much more demanding than paying 1% of the company profit. Also, the amount given to grassroots environmental groups (79 million dollars since 1985; Chouinard 2016: 70) is extraordinary. Another distinctive fact is the “human resource” policy of allowing employees to work eight weeks a year for environmental groups while receiving full payment from Patagonia.

Zsolnai et al. (2016) pose some fundamental questions regarding how “nature as a primordial stakeholder” can be incorporated into the functioning of human organizations, including businesses, public administration and civil society organizations. They state that “the crucial question concerns how to develop the ecological sensitivity and responsiveness of people at different levels of organizations, and how then to translate the emerging ecological consciousness into effective and caring organizational practices through which organizations develop a culture of Earth Citizenship.”

Following up on these questions, we may ask from where do an ecological conscience and ecological sensitivity come? Can having an ecological conscience be taught in business schools as a part of formal

education? In particular, is the development of an ecological conscience promoted in business schools? Chouinard did not have a business education, and Tomkins, the entrepreneur behind the giant land conservation project, did not either. This might indicate that a formal business education is not necessary for becoming a successful eco-minded entrepreneur and businessperson.

As a child, Chouinard used nature as a protective and fascinating free “second home.” As a young adult he spent months in wild nature every year. Chouinard writes that “the natural world was our home...we were like the wild species living on the edge of an ecosystem – adaptable, resilient, and tough” (Chouinard 2016: 13).

The ecological consciousness of Chouinard and his friend Tomkins was stimulated throughout their lives when they actively spent time in wild nature. It is interesting to note that other well-known eco-friendly persons have had similar experiences.

Aldo Leopold (1966), educated as a forester, is famous for having a dramatic change in attitude towards the intrinsic worth of nature following a hunt in the wilderness. With his rifle he shot at a “pack of wolves” and witnessed an old wolf dying. The critical change took place when Leopold’s eyes met those of the dying wolf. The meeting with the dying wolf turned out to be a life-changing experience for Leopold. The context of the meeting was the wilderness.

Arne Næss, “founder” of Deep Ecology (Næss 1989), was a professional philosopher who spent extended time in nature. As a university professor at the university of Oslo he left the university and the capital whenever he had an opportunity to travel (by train) to his small, simple and robust cabin high up in the Norwegian mountains. One estimate is that Næss spent a total of ten years of his life in the mountains. Næss was a professional philosopher, but for him deep ecology had more of an ontological than a philosophical basis. For Næss, Deep Ecology was based upon a conviction about the intensive interdependence of man and nature, not on philosophical reflection about it. The central requirement for Næss was being in nature, not thinking about nature. The tentative conclusion is that ecological sensitivity and consciousness is independent of type of education, but may be reinforced by spending a lot of time in nature.

Does this mean that students of economics and business should take excursions not only to Wall Street and Citibank, but also to Antarctica or Patagonia in the South of Argentina, or to Svalbard close to the North Pole to experience wild nature? Should students of economics learn to use a kayak, a surfboard, or climb mountains? According to Leopold (1966), we need to have a presence in nature and have certain skills for dealing with it to see its value. Chouinard's skill as a rock climber, kayaker and surfer was at a very high level. The same could be said about Arne Næss as a rock climber.

Chouinard acknowledges that his practice of Buddhism was a fruitful way to do business. Through his life he has repeatedly shown that his business is not based upon greed. His personal life is very frugal (Bouckaert et al. 2008; Daly 2008). In one interview, he speaks about himself as a "dirtbag" because he lives in the same jacket that he has worn for decades. Surprisingly, he warns buyers about his products: "Don't buy this product – unless you really need it." Vetlesen (2015) asks us to question the prevailing ideology in our Western world. He argues that the acceptance of limits is a precondition for a necessary reorientation, which also demands emotional maturity. It seems clear that Chouinard has reached emotional maturity.

A central assumption of economic theory is the need for economic growth. The ideology is that if we make a bigger cake to share, everybody will get a larger piece and everybody will be satisfied. The problem is that larger scale production means more use of non-renewable resources, which are finite, and even if such resources are renewable, their generation, transportation and use will typically lead to depletion, pollution and waste (Georgescu-Roegen 1971). In Patagonia's marketing some of those ecological footprints are revealed, such as when the company explains how much water is required to produce one particular jacket (Global Footprint Network 2015). This is relevant information for producers as well as customers, and this kind of information will lead to customers being more cautious about their purchasing behaviour.

Whenever business students learn about land ethics it will be a step in the right direction. But intellectual learning is not enough, according to Leopold (1966). Land ethics imply a number of

obligations, but “obligations have no meaning without conscience” (Leopold 1966: 225). In order to take land ethics seriously, an ecological conscience is a prerequisite.

Capra and Jakobsen (2017) claim the need for general ecoliteracy, which involves an understanding of how ecosystems works and how one can build a sustainable human society in which humans are understood as members of a community of communities. Ecoliteracy builds upon the science of systems and ecology, and tries to promote learning processes that foster a deep appreciation of nature and the human role in it. Systems thinking recognizes the world as an integrated whole, where the links between different parts are more crucial than the single parts in isolation.

Arne Næss (1989: 159) is critical of traditional formal education, and writes that we know that formal education is no longer a powerful agent of change. Rather than “green education” he suggests a “naturalist” orientation in its original, deep, romantic sense. “We [should] engage not teachers as we know them today but instead people who have internalized deep ecological norms, even if a small minority, and make them more central in...communities” (1989: 159–160). Such “naturalists,” through their very existence, can make people aware of things they had never thought of before.

5 Concluding Remarks

We have in particular described the childhood and the young adult life of the entrepreneur Yvon Chouinard. Even if his first years must have been very tough, he successfully overcome adversity and later showed evidence of extreme resilience as a business entrepreneur, with an ability to bounce back from very difficult financial situations. Such characteristics place him in the category of “elite entrepreneurs” described by Cox and Jennings (1995). As a young boy, Chouinard did not believe that he could achieve the American dream. Nevertheless, he did because he had some remarkable skills and an ability to transform ideas into reality, demonstrating an unusual alertness to opportunities. Chouinard did not leap forward, but took small steps that finally turned into a long

successful journey as a business leader. He may be considered a real entrepreneur, and is responsible for a number of innovations, of which many can be characterized as eco-oriented. Perhaps the most remarkable of these is Chouinard's high level of ecological sensitivity, and his extraordinary generosity towards groups and organizations that are pro-environmental. In this respect he has become involved in a number of initiatives that other organizations have also imitated.

In this account we have also scarcely introduced Chouinard's good friend, Doug Tomkins, the entrepreneur who bought huge areas of land in Chile and Argentina in order to restore them. In an earlier study, Ims and Zsolnai (2015) described the social entrepreneur the Egyptian pharmacologist Ibrahim Abouleish who founded the organization SEKEM (which stands for "vitality from the sun" in Ancient Egyptian) in 1977. SEKEM's goals are to "restore and maintain the vitality of the soil and food as well as the biodiversity of nature through sustainable, organic agriculture and to support social and cultural development in Egypt" (Abouleish 2012). SEKEM has stimulated the moral impulse in Egypt through their manifold forms of work based around a biodynamic farm in the middle of a desert northeast of Cairo. The ideology of SEKEM is to award special importance to the interaction between economic, cultural, social and environmental sectors.

Earlier, we asked the question "from where does ethical sensitivity come?" If we only focus on Chouinard and Tomkins, one simple answer would be "from spending much time in wild nature, and having a high level of skill at dealing with wild nature." However, Abouleish (2012) does not fit this pattern. The impression we receive from the autobiography of Abouleish is that he was enlightened by ideas about anthroposophy rooted in the philosophy and pedagogy of Rudolf Steiner, not by spending time in nature to the same extent as Chouinard and Tomkins. We have also discussed Arne Næss because he was a founder of the Deep Ecology movement, but Næss was a professional academic, not a business entrepreneur.

In the introduction, I mentioned the Norwegian entrepreneur Hans Nielsen Hauge, who went through a short but a hyperactive period of entrepreneurial activity before he was jailed. There exist many written sources by Hauge. He was a maverick, but was also able to start a great

number of enterprises within the framework of a religious movement which have made a lasting impression on the Norwegian entrepreneurial and religious spirit. What can we learn from these entrepreneurs, individually and as a group?

Is it plausible that they all would emphasize Leopold's (1966) call for the promotion of the biotic community, which means a love of and respect for land as a community of interdependent organisms inhabiting the same environment or habitat and interacting with each other? Together with the abiotic factors and physical landscape, these elements comprise an ecosystem. It also means looking upon biota as a pyramid consisting of layers and food chains. Moreover, we might wonder if they all are aware of the danger of "economism"; the tendency to reduce all values to economic value (Daly and Cobb 1989/1994). One false assumption is that the economic parts of the biotic community will function without the uneconomic parts. Such assumptions may have the net result that we will have less soil, fewer healthy forests, and many floods (Leopold 1966: 230).

As a critique of the one-sided use of highly abstract models in economics (Daly and Cobb 1989/1994), this paper has described historical, authentic cases of caring entrepreneurs that are relatively easy to share as narratives, and are in themselves rich sources of learning about a concrete, context-dependent reality. We have in particular explored the philosophy and the practices of the entrepreneur Yvon Chouinard and his business company Patagonia. We conclude that Patagonia embodies a future-oriented role model for business. The Buddhist-inspired entrepreneur Chouinard shows a remarkable ability to innovate, as well as an extreme generosity towards other people and groups that are concerned about the environment, being himself an anti-materialist with a genuine capability to simplify his own life as well as the products made by Patagonia. Chouinard had a lifelong friendship with the forest conservationist, Tomkins, and they spent much time together in wild nature. I do not know whether Chouinard knows the Egyptian founder of SEKEM, Abouleish, who found inspiration in different sources. One common denominator is that none of these remarkable business entrepreneurs had a business education, but all of them had a strong ecological consciousness, which is a precondition for caring for the Earth.

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Notes

1. The real reason that Hauge was arrested was probably that the King of Denmark and Norway feared that Hauge would lead a revolution “from beneath”—one supported by peasants and poor land laborers—that would ultimately may destroy the power of the ruling, privileged class (Breistein 1955).
2. See http://archive.fortune.com/magazines/fortune/fortune_archive/2007/04/02/8403423/index3.htm. Accessed 17 August 2018.

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Spirituality and Caring in Organizations: The Covenant Metaphor

Ora Setter

Metaphors determine the way we perceive and understand our world (Morgan 1986). There are a wide variety of metaphors for organizations, many of them involving rationality, but only a few of which express the spiritual and human side of the former. This paper shows the importance of metaphors in organizations, inquires into the different definitions and images of care, and explores different metaphors that describe relations between employees and the organization.

Three metaphors are discussed that involve the way that the mutual entitlements and obligations of employees and organizations can be understood. The first is the transactional, market-based “balance-sheet” metaphor which is used in exchange and equity theories (Blau 1964; Adams 1965), where accountants-style “quid pro quo” exchange is pertinent. The second is the legal-like “contract” metaphor, whereby agreements, promises, and tacit expectations about the exchange and the rules of exchange are predominant (Rousseau 1992, 1995). Finally, the spiritual metaphor of the “covenant” in the Jewish tradition is

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presented, whereby obligations and entitlements are not dependent on the other parties' fulfilling their part, and where the "horizontal" relations between employees and management are complemented by "vertical" obligations to a higher cause (Elazar 1983; Van Dyne et al. 1994).

Empirical studies have shown that covenant elements are pertinent in the mutual obligations of members of business firms. Some findings are presented in this paper, that validate the idea that employee–organization relations are partially covenantal. The paper concludes by asserting that the covenant metaphor can be used to describe and explain care and spirituality in organizational settings.

1 Introduction

To some, the term "caring organization" might sound like an oxymoron. While care belongs to the organic, emotional, relational, and communal "soft" domain of human existence, organizations are considered tools for achieving a definable goal (or set of goals) through the practical cooperation of individuals based on "hard" rationality and interests. A rational organization uses a formal structure to define the role of its members. Managerial decision-making is supposed to be rational and predictable, and relations are instrumental.

Max Weber (1947) promoted ideas about rational and bureaucratic organizations. He described three ideal types of authority: legal-rational authority, charismatic authority, and traditional authority. Unlike charismatic authority and traditional authority, legal-rational authority is impersonal. According to Weber, modern society is increasingly characterized by legal-rational authority, which approach increases the importance and prevalence of bureaucracies and officials (Weber 1947). The five rational principles of bureaucracy—the division of labor, rules, hierarchy, impersonality and equality, and competence—are supposed to supersede personal, arbitrary, and particularistic traditional systems.

The Scientific Management movement was built on the assumptions of control and instrumental rationality as an answer to the chaotic working relations of the nineteenth century. Its leader, Fredric Taylor,

was a mechanical engineer who promoted the metaphor of “the organization as machine” (Shenhav 1999; Morgan 1986). There are four components of the machine metaphor that are of importance: specialization, standardization, replaceability, and predictability. Under this assumption, people are no more than cogs in the machine, or in Taylor’s own words, “in the past the man has been first; in the future the system must be first” (Taylor 1911).

According to “machine” metaphors, what do the relations between the organization and its employees look like? How can the entitlements and obligations of both sides be described and perceived? What is the place of care in these relations?

In this article, I show the importance of metaphors, discuss the metaphors of care, and analyze the two prevalent metaphors that are applied to employee–organization relations: legal and market metaphors. The paper then proposes a third metaphor; namely, a spiritual one of “covenant,” and the opportunity for empirically using this metaphor to explain and describe working relations is examined.

2 Why Are Metaphors Important?

Human thought is largely image-based, not language-based (Pinker 1994). Metaphors, too, are image-based. Although it is true that metaphors involve language, metaphorical language can evoke clear, vivid, visual images. Metaphors provide a means of generating, transmitting, and decoding language using visualization (Taber 2007). Sackmann (1989: 465) defines a metaphor as “a figure of speech in which a term or phrase with a literal meaning is applied to a different context in order to suggest a resemblance.”

A metaphor provides a structure that can facilitate thinking about abstract concepts such as those found in organizational theory. According to Lakoff (1991: 203), “the locus of metaphor is not language at all, but in the way we conceptualize one mental domain in terms of another.” Knowing what types of metaphors people use helps us to understand how they construe a situation (Gray 2007). Metaphors do not simply describe an external reality; they also become part of

that reality and “prescribe how it ought to be viewed and evaluated” (Tsoukas 1993: 570).

Metaphors simultaneously expose and conceal ideologies (Deetz and Mumby 1985), and while a social reality is created and expressed through metaphors (Deetz 1986), they are not neutral creations (Lakoff and Johnson 1980). Other means of conducting business or managing become suppressed when an organization or group adheres to a certain metaphor. The examination of alternative or muted metaphors adds another dimension to these studies, and can validate the viewpoints of marginalized stakeholders (Deetz 1995).

Metaphors interact and come to describe the world in terms of the production of reality, where different metaphors inevitably produce different realities (Wood 2002). Morgan (1986) argues that metaphors traditionally applied to organizations, such as Machines, Organisms, Brains, etc., reflect distinct but incomplete ways of visualizing organizations. When one mental model dominates thinking, it tends to relegate other possibilities to the background.

Metaphors also have important limitations. Metaphors can oversimplify complex problems and relationships. They may involve a deficit of meaning whereby important dimensions of the organization are not represented. Conversely, metaphors also can transmit additional meaning such that properties inherent in the metaphor are not applicable to properties of the organization.

3 Care, Entitlements, and Obligations

Care, in the English language, has several meanings: an instrumental one—“to do the things that are needed to help and protect, to look after,” an emotional one—“to feel affection for someone” (Merriam Webster Dictionary), and a cognitive one: “serious attention, especially to the details of a situation or thing” (Cambridge Dictionary). In this respect, the concept represents the three dimensions of attitudes.

A search for the term “care” using Google images returns numerous images that depict either hands (touching, embracing, reaching

out, holding), or hearts, or a combination of the two (a heart within two hands). Clearly, the typical image of care that comes to mind symbolizes the positive, benevolent, helpful, and emotional connection between people, thereby encompassing both the *being* and the *doing* of care.

For individuals and small groups, caring and being taken care of is essential to their development, well-being and existence (Crucianelli et al. 2013; Inagaki and Orehek 2017; Holt-Lunstad et al. 2010), while empathy and the desire to take care of others is basically hard-wired in the brain (Silani et al. 2013). For communities and societies, care for members is essential for evolution and survival: Charles Darwin (1871/2011) wrote that “those communities which include [...] the greatest number of the most sympathetic members [will] flourish best and rear the greatest number of offspring” (p. 72). However, it is less clear why organizations, those rational “machines,” should care.

One major domain of organizational behavior is the “give-and-take” interaction between individuals and the organization or, more precisely, the mutual entitlements and obligations of both, taken as a system or a whole. If an organization is a political system, then both power and justice determine this system (Elazar 1991).

Lerner (1987) defines *entitlement* as the experience of an entire family of human events associated with social justice:

The cognitive component of this generic event is the judgment, often tacit, that someone, or some category of people, is entitled to a particular set of outcomes by virtue of who they are or what they have done. The ‘entitled to’ is experienced affectively and motivationally as an imperative, as sense of requiredness between the actor’s perceived outcomes and the person’s attributes or acts. (Lerner 1987: 108)

Work entitlements include justice and fair treatment, wages and benefits, tools, working conditions, security, rich job characteristics, promotion, development, teamwork, support and care, and leadership (Setter 1997). In the Jewish mystical tradition, the Kabbala, entitlements are the expression of the will to get, to receive (Kabbala = receiving in

Hebrew), which is the major force acting upon us as human beings. It expresses the egoistic, individualistic motivation to be unique, to grow and develop, and to have more both materially and spiritually.

By the same logic, *obligations* are the individual's part in the obligations and burdens that stem from membership in an organization. Obligations, like entitlements, have cognitive, affective, and motivational dimensions. The obligations mentioned in the literature are professionalism, initiative, effort, loyalty, commitment, discipline and obedience, responsibility, willingness to change, and willingness to disclose pertinent personal information (Setter 1997). In the Jewish Kabbala, it is the life principle of altruistic giving, loving, and dedication and caring, that derives from feeling part of a whole.

Entitlements may be mentioned as a distinct concept (Yuchtman-Yaar 1983; Lerner 1987) or as part of a general construct (Equity Theory, Adams 1965; Equity Sensitivity, Huseman et al. 1985, 1987; Relative Deprivation, Runciman 1966; Work Values, MOW 1987; Harpaz 1990). Obligations are also spoken of as part of a general construct (Job Theory, Katz and Kahn 1966; The Nature of Managerial Work, Mintzberg 1989; Organizational Citizenship Behavior and Extra-role Behaviors, Organ 1988; Van Dyne et al. 1994, 1995; Honor Principle, D'Iribarne 1994). There is abundant literature about particular forms of entitlements and obligations, but what is the appropriate construct that ties them all to one theory?

4 "Market" and "Contract" Metaphors

Two dominant metaphors of organizational life are the market-based "balance sheet" metaphor, and the legal-based "contract" or "psychological contract" metaphor.

The most prominent metaphor is the transactional, market-based balance-sheet metaphor, as this is used in exchange and equity theories (Blau 1964; Adams 1965) where "quid pro quo" exchange is pertinent. Employees and organizations are conceived of as "intuitive accountants" who calculate equity ratio based on inputs and outputs (Folger 1987).

This rational metaphor is very attractive as it enables the measurement of the quantity of entitlements and obligations, and hypothesizes that balance or imbalance between them will engender predictable behaviors.

However, the market metaphor involves some assumptions which should be explicitly stated and can be challenged. The first assumption is that there should always be a balance of payoffs between the parties, measured in the short term, and with emphasis on the bottom line. The second assumption is that there is a stable environment that enables parties to calculate present and future inputs and outputs. The third assumption is that people are capable of making the corresponding highly complex cognitive calculations. All these assumptions have been discovered to be invalid (Graham and Organ 1993; Rytina 1986).

The second metaphor is that of the social or psychological contract. While the first has been a classic proposition since Hobbes' *Leviathan*, the latter has recently attracted a lot of academic and popular attention—since Rousseau (1990, 1995, 1996, 2001), who distinguished between transactional and relational contracts, completed his breakthrough work. Contracts are agreements based on consideration and reciprocity that mutually bind parties (Atiyah 1986), and are enforced and remedied if necessary by an external party—the legal system. The attractiveness of the “contract” metaphor is clear. Contracts assume good faith and freedom of choice, but they do not necessarily assume short-term equity in terms of proportions of inputs and outputs. As working relations are basically legally grounded, the approach seems to be a logical way of looking at relations. However, from this perspective, an organization is assumed to have a huge number of multilevel contracts, including contracts with each and every employee, and all possible conditions and events are actually included in these contracts, including how to make changes and exit options. Such contracts would not account for people doing more than their share, staying in an organization and performing well when psychological contracts have been violated, nor, in general, behaving in a nonreciprocal way. In short, the approach does not indicate how the emotional and spiritual aspects of human experience are part of such a system of mutual relations.

5 The Covenant Metaphor

In contrast to the approaches mentioned above, I would like to propose a third metaphor based on spirituality.

Spirituality, together with some other words that are associated with a person's sense of spirit or soul have had, until lately, no place in the business lexicon. The norms of corporate life place importance on doing and thinking; much less so on feelings and beliefs (Griffin 2008).

There are very few organizational images or metaphors that locate spirituality within an accepted or legitimate conceptual framework. Actually, only the "organic" metaphor (Morgan 1986) may be tied to it—and then indirectly. It is my aim in this paper to suggest an old one—one of the oldest in history—in a new light. Enriching our language with images and metaphors that imply spirituality may amend the current situation of the exclusion of spirituality even from the "soft" organizational behavior and management vocabulary.

The aforementioned two metaphors are thus pertinent, but do not necessarily capture the whole spectrum of person–organization relations concerning entitlements and obligations. Actually, the contract is derived from covenant (Elazar 1991). The covenant—or "*brit*" in Hebrew—is the basic Jewish religious, communal, and political principle that describes the mutual obligations of God and his people and of people to each other. In the Bible (the old covenant) during the times of Noah, Abraham and Moses, different covenants were declared and accepted. Although there is no little controversy about the term, its history, and meaning, I would like to base my arguments on Daniel Elazar's conceptualization of it:

A covenant is a morally-informed agreement or pact based upon voluntary consent and mutual oaths or promises, witnessed by the relevant higher authority, between peoples or parties having independent though not necessarily equal status, that provides for joint action or obligation to achieve defined ends (limited or comprehensive) under conditions of mutual respect which protect the individual integrities of all the parties to it. Every covenant involves consenting, promising and agreeing. Most are meant to be of unlimited duration, if not perpetual. Covenants can bind

any number of partners for a variety of purposes, but in their essence they are political in that their bonds are used principally to establish bodies political and social. (Elazar 1998: 31)

Covenant differs from “balance sheet” and contract as it is only broadly, or not at all, reciprocal. The first two covenants in the Bible are one-sided: God promises, and nothing is demanded in exchange (only an expectation, not an obligation, to worship God). A contract is personal in nature, while a covenant is public: there is no need for everyone to sign it, but it applies to all. Those bound by a covenant are obligated to respond to each other beyond the letter of the law rather than to limit their obligations to the narrowest contractual requirements. Hence, covenants are inherently designed to be flexible in certain respects. As expressions of private law, contracts tend to be interpreted in as narrow a way as possible so as to limit the obligations of the contracting parties to what is explicitly mandated by the contracts.

Another difference is that, in a covenant, the morally binding dimension takes precedence over legal dimensions. “In its heart of hearts, a covenant is an agreement in which a transcendent moral force, traditionally God, is a party, usually a direct party, to or guarantor of a particular relationship” (Elazar 1998: 32). We may say then, that a covenant has two dimensions: a lateral one where two or more parties agree to a mutually nondependent set of present and future promises, and a vertical one with the higher authority, who is the witness—though not necessarily the enforcer—of the agreement; usually God, in the Hebrew tradition. This vertical dimension renders the covenant more stable and durable than a transaction or a contract, and less sensitive to local violations.

A covenant implies equality: the deliberate coming together of humans as equals to establish a political system in such a way that all reaffirm their fundamental equality and retain their basic rights. Politics founded by covenant are essentially federal in character, in the original meaning of the term (from *foedus*, Latin for covenant)—whether they are federal in structure or not. That is to say, each polity is a matrix comprised of equal confederates who freely bind themselves to one another so as to retain their respective integrities even as they are bound in a common whole.

Last but not least; when a party to the covenant does not play their part, this does not breach or nullify the covenant: As the covenant is based on oaths taken in front of a higher force, any obligations are not to the other party, but to the higher power. The Jewish people, when exiled, could have considered God's promise void, but they decided to keep their part of the covenant.

The covenant, then, is a valid complementary metaphor that elevates the spiritual component of the mutual obligations and entitlements of employees and organizations. It helps explain a lot of terms such as "mission," "vision," and "altruistic vs. self-interested behavior." However, it has a major drawback: there is no commonly shared belief in the existence of a higher power such as God.

In the last few years, increasing attention has been paid to the interconnectedness and interdependence within and between organizations in the public and business world. Complexity theory, advances in network research, and scientific advances in physics, biology, ecology, and evolution are proposing that the world be understood as a "whole living organism" or "GAIA" (Senge 1990). The covenant metaphor, with its underlying assumption of federalism, is linked directly to the idea of "organization as a living organism" based on broadly communicated and stated agreement.

6 The Validity of the Covenant Metaphor

A couple of years ago I conducted empirical research on psychological contracts (Setter 2001). One of the research questions pertained to the appropriateness of the "contract" metaphor in organizational settings. Does it cover the full spectrum of conditions needed to qualify it as an exclusive and comprehensive metaphor, or do other metaphors contribute to a more complete picture of the relations between employees and organizations?

The research question thus helped investigate whether there is a prevalent perception (metaphor) for the relations between organizations

and employees, and their mutual obligations—be this the market, the contract, or the covenant.

Understanding both the strengths and the limitations of each metaphor, and their inability to cover the whole phenomenon of relations between employee and organization, it was assumed that none of the metaphors would be exclusive, and that all three of them would complement each other in describing real-life relations (Morgan 1986).

A full description of the research, method, and scales used in the research has been presented in a previous paper (Setter 2013), but I present here some of the most relevant findings. Eleven entitlement and ten obligation items were presented to a sample of 325 employees from diverse organizations. The former were asked for each one “to what extent is your entitlement (or obligation) (a) conditional upon your behavior, performance or results, (b) non-conditional and considered a ‘right,’ or (c) personal and dependent upon your or your manager’s discretion” (see Tables 1 and 2).

As can be seen from Tables 1 and 2, 8 out of 13 entitlements and 6 out of 10 obligations were considered unconditional by a large percentage of participants, while only 5 entitlements and 1 obligation were considered contractual. However, some responses were almost equally distributed between the two or three options: namely, helpful coworkers, gifts and incentives, recognition and development, as well as initiative and disclosure. None of the appraisals of the variables supported the market metaphor. Only “organizational citizenship behavior” and “willingness to mobility” were deemed to be more strongly associated with discretion than unconditionality, but not as much as with the contractual perspective.

Thus all metaphors appear to be necessary for creating a complete picture of the mutual relations between employees and their organizations. However, the covenant metaphor was predominant, not the contractual one. The market perspective was weak and not dominant for any factor.

Who was most attached to the legal-contract metaphor? Findings indicated that richer and more educated employees and those who were less satisfied and less committed to the organization. The higher the

Table 1 Average, S.D., and frequency (%) of conditionality of entitlements items—1–5 (N = 325)

	Average	S.D.	Conditional contract	Discretionary market	Unconditional covenant
Work tools and resources	4.71	0.48	12.9	9.2	77.8
Leadership	4.59	0.46	18.9	12.1	69.0
Care, "soulful" organization	4.20	0.73	23.9	8.0	67.8
Social benefits	3.68	0.90	19.5	14.3	66.2
Justice, fairness, ethics	4.75	0.40	33.7	8.9	57.4
Information, influence	3.87	0.76	20.5	24.8	54.7
Helpful coworkers	3.93	0.79	42.9	11.1	46.0
Incentives, gifts,	3.13	0.88	41.0	19.0	46.0
Security	3.59	0.86	50.2	7.6	42.3
Recognition, development	4.11	0.76	40.2	19.0	40.8
Salary	4.74	0.52	47.2	18.6	34.2
Meaningful, "rich" job	4.28	0.63	58.6	13.7	27.7
Promotion	4.02	0.71	59.0	21.7	19.3

Bold = Percentage significantly higher than the other two metaphors

Table 2 Average, S.D., and frequency (%) of conditionality of obligations (N = 325)

	Average	S.D.	Conditional Contract	Discretionary market	Unconditional covenant
Professionalism, service, responsibility	4.79	.38	10.3	4.1	85.5
Work morality	4.35	.53	14.4	7.0	78.6
Cooperation with coworkers	4.11	.78	20.8	13.0	66.2
Commitment, loyalty	4.25	.64	29.3	5.7	65.0
Effort			27.8	14.1	58.1
Obedience	3.94	.77	31.2	20.0	48.8
Initiative	4.11	.78	42.9	20.2	36.9
Disclosure	4.08	.76	34.5	31.7	33.8
Organizational citizenship behavior	2.94	.95	39.7	37.6	22.7
Willingness in relationship to mobility and change	3.02	.86	50.2	32.6	17.2

Bold = Percentage significantly higher than the other two metaphors

level of education of the employee, the greater their perception of a contractual arrangement, and the lower that of a covenant. The higher their income, the more conditional the entitlements, and the less unconditional the obligations. Age and tenure had almost no effect on the associations of employees.

Whereas job satisfaction has almost no correlation with the conditionality of the contract, organizational satisfaction and commitment are negatively correlated with contractual/conditional obligations, and positively correlated with covenant/unconditional entitlements.

7 Discussion

If metaphors both reflect and create social perceptions about the world we live in, then testing the validity of a spiritual “covenant” metaphor can illuminate ways of perceiving and relating to the workplace which were not visible before. Both covenant and contract metaphors suggest the mutuality of relations, but only the contract metaphor implies the conditionality of the relationship, whereas the covenant metaphor suggests non-conditionality. These findings indicate that most items—but not all—are not conditional, and that while conditionality may reflect a higher personal market value (due to education and income), it also entails negative attitudes and weaker dedication to fulfilling agreements. A covenant, then, not only reflects the way in which relations between an employee and their organization are perceived, but is also of greater positive value concerning attitudes and behavior. The non-conditionality of relations may not only imply the need to be a part (or even a partner) of a bigger whole, but also the need to care of—and to be taken care of by—the organization.

Most of the variables related to the covenant metaphor concern the emotional content of care—these items that relate to a caring organization (which include caring peers and leaders, being taken care of, partnership, and information-sharing), are mostly non-conditional. Add to this the cognitive and instrumental expressions of care—the demand for fairness and social benefit—and the outcome is covenant relations in a caring organization.

The technocratic-rational-materialistic perspectives which are reflected in the contract and market metaphors are not positively perceived by employees. Care—extended hands and an open heart—is at the core of relations in organizations.

It is important to note that stability and security are not among the entitlements considered as mainly unconditional. This may reflect the perception that personal security is not the main issue in the preference for a covenant. This might rule out the assumption that there is always a high demand for security and a stable employment environment.

Market/contract metaphors suggest viewing the individual as a commodity with a defined market value. Such metaphors are favored by highly educated people who earn more. This assumption is stronger in larger organizations and larger working units where people can feel lost, and where their commitment and responsibility is not personal.

The covenant metaphor considers the parties as partners, with a shared commitment to the whole which is not only larger than the sum of individuals, but qualitatively different. However, it should be pointed out that the covenant metaphor does not imply a collectivist orientation over an individualistic one. In a previous study (Setter 2013), it was found that both the collectivist and individualistic orientation are positively correlated to unconditionality and negatively correlated to a conditional attitude. A covenant does not require abandoning individual needs and wants, nor entitlements. It rather concerns the understanding that we are unique individuals, and at the same time part of a larger, meaningful whole: what Ken Wilber calls “holons.” Wilber says that “reality is composed neither of things or processes, neither wholes or parts, but whole/parts, holons, all the way up, all the way down” (Wilber 1996: 21).

Several limitations of our study should be mentioned. First, it was conducted in an Israeli context, and the findings may not be applicable to other cultures. Second, we measured the existence of the covenant using one criterion—the (non-) conditionality of items in a psychological contract. It must be said that the validity of conditionality as the sole measure is not enough. These limitations can be addressed in later research.

8 Conclusion

The covenant metaphor seems to be valid in an organizational context. However, it does not stand alone: contract and balance-sheet metaphors play a role too. Organizations are systems of exchange in which giving and taking are measured against one another. They are also legal systems with formal and implied contracts that are agreed upon. Above and beyond this, however, when we understand organizations as social and political systems (Tucker 1965) we can identify the basic components of a covenant: the moral and unconditional component of care in which all parties take part. Ignoring this covenant, as has been done until now, eliminates spirituality and empathy from the workplace and blinds us to the vital human feelings and values that have important behavioral consequences in the organizational world.

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Part IV

The Role of Business Schools



Creative Spirit in Management Education: Insights from Rabindranath Tagore

Sanjoy Mukherjee

In the wake of all-pervasive globalization and the triumph of capitalism and consumerism, education and especially dominant mainstream management education in its structured and conventional form, has responded by churning out 'products' equipped to combat the aggressive competition under the demands of the forces of the market. Business schools thus have become more like the assembly line of a manufacturing behemoth where the thrust on quantity has overshadowed the quest for quality and human excellence. Excessive predominance of the analytical, logical and quantitatively oriented left brain activity has led to a certain level of numbing of the creative, intuitive and holistic right brain development. Creativity and joy in the learning experience has been sacrificed at the altar of this fossilized system just to ensure the 'rigour' of the pedagogical methods and processes. The victims of this mechanized and often mindless acquisition of information and utilitarian knowledge are not only the student community but also the Faculty who are hard-pressed for completing the number of hours

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of academic workload and frantically engage in ‘networking for publication in journals’ in their rush for tenure and promotion. The present paper is an attempt to raise the voice of the ‘Other’ to offer alternative sources and methods of learning in the light of valuable insights from the life and works of Rabindranath Tagore, the Nobel Laureate poet from India who was not only a literary genius but a musician, philosopher, artist and a pioneer in experiments on alternative education. The paper also connects the relevance of Tagore’s wisdom today in view of the shifting paradigm in modern management thinking and practice by conscientious thinkers and academics in the West. Finally the paper outlines the salient learning points from Tagore for enrichment of the present ossified education system to bring in fresh air and new light for all round humanistic development of the individuals and creation of a joyful and creative learning environment. Drawing inspiration from Tagore the paper also highlights the importance of learning from Nature, immersion in silence and integration of inputs from the Humanities discipline in mainstream management education.

1 Introduction

‘It was the best of times. It was the worst of times...it was the season of Light, it was the season of Darkness, it was the spring of hope, it was the winter of despair, we had everything before us, we had nothing before us...’ These famous lines that greet us as we open the first page of the epoch-making novel ‘A Tale of Two Cities’ by Charles Dickens are so true even today! While it is a fact that we are centuries ahead of the turbulent times of French Revolution, turbulence in different form is also haunting us even today.

If one takes a close and deep look at the daily chores of the inmates of a top ranking institute of higher learning in our present times, or for that matter a jet-setter high performing business organization, it often reveals a bewildering world far away from the existential reality of the common global citizen in any geographical or cultural setting. But one must be able to look not just through the eyes but from the heart! Then the poignant words of ‘The Little Prince’ addressed to the

pilot-cum-author in Antoine de Saint Exupery's immortal masterpiece come ringing in the ears:

I know a planet where there is a certain red faced gentleman. He has never smelled a flower. He has never looked at a star. He has never loved any one. He has never done anything in life but add up figures. And all day he says over and over, just like you: 'I am busy with matters of consequence!' And that makes him swell up with pride. But he is not a man – he is a mushroom! (Exupery 1974: 27)

And then, from the heartland of the city of Orphalese the Divine voice of Almustafa comes across the rolling waves of the ocean in Khalil Gibran's masterpiece 'The Prophet':

And I say that life is indeed darkness save when there is urge,
And all urge is blind save when there is knowledge.
And all knowledge is vain save when there is work,
And all work is vain save when there is love... (Gibran 2008:
36–37)

And later the light of wisdom dawns in Prophet's own words: 'Work is love made visible' (Gibran 2008: 38).

Like the Little Prince and the Prophet, Rabindranath Tagore visited planet Earth to offer his pearls of wisdom in poetry, prose and music to bring in fresh air, radiant light and new life in all whose daily existence has become stifled, stagnant and shorn of colours and divorced from purpose, more so because we are not even aware of our morbid predicament!

2 The Importance of Tagore

The world today is changing at an alarming pace. Indeed, to use a Dickensian phrase as mentioned above, this is 'the best of times' and 'the worst of times'. On one hand we are experiencing unprecedented techno-economic growth, global information revolution and knowledge

explosion. On the other hand, amidst accelerating and all-engulfing globalization, organizations all over the world are struggling hard to navigate in an ocean of a fast-changing business scenario characterized by increasing uncertainty, unpredictability and paradoxes.

Thus the need in the field of management education, is to engage in intense search for alternative sources and methods of learning and research that will not just add to the plethora of existing management literature and knowledge base but transform an otherwise fossilized system and process to an experience of joy and freedom that will ignite the minds and expand the hearts of the entire learning community and lead the people and the planet towards a more sustainable and humane habitat. But all this begins with questioning the fundamental assumptions of our present 'brave new world' and look for answers in wisdom traditions of the West and the East alike, both past and present. The present paper undertakes a voyage to the East to look for new insights from the Nobel Laureate bard of India Rabindranath Tagore—poet, philosopher, composer, lyricist, dramatist, artist and a path-breaking pioneer in Education as Freedom.

It may well be asked—in the context of evolving alternative learning pathways in modern management education, what is the relevance of the insights from a sage-poet and philosopher like Rabindranath Tagore? The following points may be noted in this regard.

1. Even though he was essentially a poet, from his very childhood Tagore had his mooring in the wisdom of the Upanishads under the tutelage of his father Maharshi Devendranath Tagore. The Upanishads constitute a vast and priceless collection of classical Indian wisdom that are considered to arise not out of intellectual discourse but from direct realization of the Self and Truth by the ancient sages and seers of India. Though rooted in Indian culture and ethos the relevance of these messages of the Upanishads reached out to the world. To illustrate this point it may be cited that one of the famous invocations of the Upanishads rings aloud—*Srinvantu visve amritasya putrah* (Listen, O children of immortality world over!) It may be noted that the Upanishadic seers were addressing the entire global humanity. With his strong anchorage in the wisdom of the

Upanishads Tagore evolved his thoughts on scaling human excellence through enlightening education with universal appeal and approach and christened his university *Visva-Bharati* where *Visva* reaches out to the world while *Bharati* preserves the Indian heritage. '*Visva-Bharati* founded a unique approach to international fellowship, based on a humanism that flowed out of man's longing and capacity to live in harmony' (Das Gupta 2011: 71).

2. The Nobel Laureate economist and philosopher Amartya Sen who had his education in Tagore's *Visva-Bharati* observes: '... there was something deeply incomplete in the priorities of the Western world, a gap in the closing of which eastern thought, from India and China, had something constructive to offer' (Sen 2011: 4). Ever a champion for the cause of raising the Asian voice on the basis of his principles and philosophy of humanism Tagore made lifelong tireless striving to combat the forces of materialism and aggression from the west. In his lecture at the Tokyo Imperial University in 1916 he had challenged the roots of Western culture and civilization. 'The lamp of ancient Greece is extinct in the land where it was first lighted, the power of Rome lies buried under the ruins of its vast empire. But the civilization whose basis is society and spiritual ideal of man, is still a living thing in India and China' (Das Gupta 2009: 246). The critique came out bold and clear in his lectures in China. 'I cannot, however, bring myself to believe that any nation in this world can be great and yet be materialistic...Materialism is exclusive, and those who are materialistic claim their individual rights of enjoyment, of storing and possessing' (Tagore 2009: 77). He offered a powerful alternative Asian voice: 'All our true enjoyment is in the realization of perfection. This can be reached not through augmentation but through renunciation of the material for the sake of the ideal' (Tagore 2009: 151). The humanizing potential of Oriental wisdom was highlighted by Tagore in all his discourses. 'Let the awakening of the east impel us consciously to discover the essential and universal meaning of our own civilization, to remove the debris from its path, to rescue it from the bondage of stagnation that produces impurities, to make it a great channel of communication between all human races' (Das 1999: 99).

3. At a time in the twentieth century when knowledge was increasingly becoming mechanized and specialized, the towering figure of Tagore stood as a proponent of holistic education for overall human development. He translated his vision into reality by founding his university in the lap of nature in an abode of Peace, '*Santiniketan*' in rural Bengal. He literally ran away from all these schools where he was sent in his childhood as he could not survive and withstand the drudgery of rote learning devoid of meaning and touch of life. Much later in life he recounts some of those painful reminiscences and realizations of his lifeless experiences in conventional learning that packs the brain with abundance of information only for utilitarian gains. '... the child's life is brought into the education factory,—lifeless, colourless, dissociated from the context of the universe, within bare white walls staring like eyeballs of the dead. We are born with that God-given gift of taking delight in the world, but such delightful activity is fettered and imprisoned, stilled by a force called discipline which kills the sensitiveness of the child mind, the mind which is always on the alert, restless and eager to receive firsthand knowledge from Mother Nature. We sit inert, like dead specimens of some museum, whilst lessons are pelted at us...our mind misses the perpetual stream of ideas which come from the heart of nature...' (Tagore 2009: 87–88).

If one takes a deep and close look at the recent developments in the field of management education, one of the striking resemblances with Tagore is the shift from the conventional teaching towards a lively learning process where the faculty is compelled to be a learner too in every interaction with the students. Secondly the disastrous effect of crony, cowboy capitalism on management education has been primarily instrumental in perpetuating an education system that churns out number crunching machines in the attire of humans, advocates of careerism, materialism and consumerism. This has also led to a redeeming search for alternative paradigm in management thinking and practice among conscientious academics, business leaders and consultants worldwide. Quest for meaning of work, purpose of life, spiritual leadership, social responsibility of business, concern for nature and environment, engagement in values and ethics are increasingly finding their legitimate space

in the discourse of management teaching and practice. Leaders of thought and action are trying to explore alternative sources and methods of learning from disciplines like history, literature, biographies, humanistic philosophy, ancient wisdom of the East, etc. that lie beyond the corridors of structured management literature and curriculum. The life, and works of Rabindranath Tagore and his experiments on education have thus become increasingly relevant in this regard for management education to come out of the morbid spell of dehumanizing capitalistic influence towards a vibrant and joyful endeavour with a human face.

Further, the homogenizing influence of western capitalism has not only posed serious threat to eliminate cultural diversity that characterizes the distinctiveness and also uniqueness of 'different other' parts of the world but also shaped the philosophy and practices of education, especially mainstream management education. In order to cater to the demands of a global industrial mono-culture, the scope of flourishing one's critical and creative potential has become so limited that this education system is churning out 'products' with two dominant characteristics—binary logic and linear thinking. On one hand, Tagore's voice of humanism posed a challenge to the foundations of aggrandizing and acquisitive corporate capitalism with its endless material pursuit and rampant consumerism. On the other hand his new and innovative education system that was institutionalized in his own university was aimed at holistic human development and natural expression of our full creative potential.

3 Shifting Paradigm in Management Thinking and Education

In the last few decades, there has been a strong and growing critique of mainstream management education and its dominant paradigm based on capitalism and industrial mono-culture.

In 2004 Ian Mitroff, sent an open letter to the Deans and faculty of business schools in USA where he identified five areas of failure that resulted in the following aberrations among the students and faculty:

1. A mean-spirited and distorted view of human nature;
2. A narrow, outdated, and repudiated notion of ethics;
3. A narrow and highly limited definition of, and the role of, management in human affairs;
4. An overly reified conception of the “sub-disciplines” of the field of management; and
5. A sense of learned helplessness and hopelessness among faculties, students, and workers regarding control of their careers and lives. (Mitroff 2004)

All this points towards some pitfalls in both the process as well as the outcome of mainstream management education—dominance of our techno-economic identity over deeper and nobler aspects of human nature; failure to impart ethics education in manner that is vibrant, engaging and relevant to the students; sharpening of instrumental reason at the cost of critical rational faculties; denigrating the power of lofty emotions in personal and organizational transformation; splitting the holistic conception of management into disconnected pigeon holes of areas and sub-disciplines; loss of meaning in work and purpose in life.

In modern academia there has been emergence of rising critique of our prevalent methods of learning among the academic circles in business and management from some thinkers in search of ‘the other’ models of knowledge creation and dissemination. This powerful critical voice has been raised by eminent stalwarts in this field (Ghoshal 2005; Bennis and O’Toole 2005). There is also a search for an alternative holistic paradigm of organic connectivity so that ‘...our heart and head does not split knowledge into dualities of thought and being, mind and body, emotion and intellect, but resonates with a wholeness and fullness that engages every part of one’s being’ (Kind et al. 2005). To usher in fresh air and new light into an otherwise structured and ossified conventional management education, thinkers and wisdom leaders are seeking insights from disciplines like humanities (literature, arts, films, music, theatre, etc.), sports, spirituality and others to establish the missing connection between learning and life. Otherwise we keep on ‘solving the wrong problem precisely’ using methods that

are primarily techno-economic in nature whereas the systemic and spiritual perspectives are ruthlessly pushed out of our vista of vision and concern.

The serious implications of attempting pseudo-solutions to the problems of our economy and society have been aptly depicted by Ims and Zsolnai (2006) in the opening chapter of their book 'Business within Limits'. In this book they presented an alternative holistic and humanistic world-view rooted in Deep Ecology and Buddhist Economics. Michael Ray (1992) proposed a similar paradigm in which he advocated that vision must replace profit as the key aim of business. Chakraborty (1995), the pioneer of value education in management in India, identified the main pillars of wholesome business transformation in his concept of 'Business Ashram' on the founding principles of Indian philosophy, culture and ethos. This finds resonance in Stephen Covey's (1990) emphasis on character beyond professional competence in his proposed shift in management metaphor from stomach to spirit.

The need to explore certain non-conventional sources and alternative methods of learning has been highlighted by Mukherjee (2007) for a comprehensive and integral development of the individual in organization. The aim is to develop a 'quality mind' (Chakraborty 1995; Chakraborty and Chakraborty 2006) or 'quality consciousness' (Chatterjee 1998, 2003, 2006). This search for alternative sources of management learning prompted Michael Gelb (1998) to draw our attention to the principles of learning and creativity laid down by Leonardo da Vinci. Weick (2006) propounded a new approach to learning through 'heedful relating' by cultivating the art of 'mindfulness', active and non-judgmental listening. There has been a growing interest in Spirituality at Work (SAW) as evident from the rising number of publications on Spirituality and Holistic Management (Biberman et al. 1999; Bell and Taylor 2004; Cash and Grey 2000; Mitroff and Denton 1999; Pruzan et al. 2007; etc.). The concepts of Synchronicity (Jarowski 1998) and Spiritual Intelligence or SQ (Zohar and Marshall 2000) are also significant developments in this direction.

4 Lessons from Tagore on Creative Learning

Tagore had engaged himself in lifelong experiments on new and creative ways of learning with joy and freedom as its twin objectives. What then are the lessons from Tagore and his experiments for the modern education, management or otherwise?

Holistic Education for Modern Management: Of late there has been a positive trend towards evolving a holistic philosophy in management education. It also implies bringing in a radical change in the contents, pedagogy and delivery mechanisms of management education and corporate training. Otherwise the dominant forces of economic rationality will keep our minds in an ever calculating mode preventing us from reaching anywhere near holistic perception. Tagore came down bold and clear in his strong critique of over quantification. ‘Numbers add but do not connect’ (Tagore 2009: 147). It may be useful to pay heed to his powerful critique of the techno-economic model of progress that has been the major driving force of the sweeping industrial civilization and mono-culture and the needs of which are successfully catered by mainstream management education. ‘Progress towards what and for whom?’ he raised such critical questions hundred years back (Tagore 1937: 5). Tagore’s insights on importance of learning from nature are of cardinal importance when it comes to developing curriculum that promotes holistic learning. It helps us in sharpening our sensory faculties that receive signals and vibrations from the environment and lead to holistic knowledge creation. In his ‘Talks in China’ he said, ‘I believe that children should be surrounded with the things of Nature which have their own educational value’ (Tagore 2009: 89). On the day of inauguration of his university he made it clear to the students that they should be ready to learn from two sets of teachers—the teachers as human beings and the teachers as immanent in the trees all around in nature. We are compelled to understand the significance of these messages of Tagore today when we find corporate executives and business school students are being sent for mountaineering adventures and retreats in the heart of nature for revitalization, renewal and re-establishing the organic connect with life.

Development of Emotional and Aesthetic Faculties: Over the last two centuries there has been dominant emphasis on stimulating left brain

thinking and sharpening our instrumental rationality whereas most of the problems in our life, work, and even in academic institutions are rooted in the emotional domain of the individuals. While it is true that there has been acceptance of the importance of Emotional Intelligence (EQ) times, but still there is a lot of gap in the learning methods that need to be adopted for developing Emotional intelligence. The present education system equips a student with his capacity of thinking but at the dire expense of capacity of 'feeling'. Tagore's experiments and insights on education can help us find directions for reviewing and revamping our existing business school curriculum. Beyond Marketing, Finance, Systems, Operations and HR, the conventional inputs on the usual disciplines of management, it is time for academics to consider introduction of modules or even full courses on literature, arts and music, field work on community development, observation and exploration of Nature, sharpening of our sensory faculties and cultivation of emotional intelligence, aesthetic excellence, right brain thinking all leading to holistic human excellence.

Exalted Model of Man: It may be worthwhile to remember Tagore's golden words on education: 'The education of a complete life involves trying to recognize through a correct reading of history, of science, of the arts, in the light of man's spiritual truth' (Das Gupta 2011: 71). His ideal of education is founded on an exalted model of man as a spiritual being which is rooted in ancient Indian wisdom that portrayed the human being as children of immortality (*Amritasya putrah*). This has transformative implications for management education and organizational learning. Unless we come to accept such a notion of infinite human possibility, most of the inputs on learning and motivation get limited to the initial lower levels of Maslow's Need Hierarchy model and the motivational strategy in organizations also get aligned and designed accordingly to cater to these lower needs only. Vital issues like meaning of work or purpose of life are never addressed seriously and thus far-off the immediate domains of concern of business.

Liberal Arts and Management: One major problem faced in modern academic institutions and business organizations is the over-confidence among the students and executives that there must be a single techno-economic answer to each and every problem and no 'grey areas' are

ever admitted or even explored. This culminates in developing a cocksure attitude of knowing the one and the only right answer as a fall-out of linear and binary thinking whereas the search for alternative answers comes to a closure leading to a serious malady-remedy mismatch. Liberating insights from Humanities (Arts, Literature, Music etc.) help us break these hard shells and cocoons of the quantitative paradigm and widen the horizons of the mind to multiple alternatives in a pluralistic world where the colour of truth is grey and its shape amorphous. Tagore's philosophy and methodology can help stimulate our capacity of 'thinking out of the box' and generate multiple alternatives and solutions to a single problem as we all observe the world from our own unique and respective positions at a time where uncertainty and change constitute the complex fabric of reality. It may be mentioned here that even in Harvard and Stanford universities academics like Joseph L. Badaracco Jr. and Jim Maarch are using the literary works of Shakespeare and many other literary luminaries to help the students have a clear and multi-layered understanding of the different levels of reality in a complex business scenario.

Social Responsibility and Inclusive Thinking: There has been increasing thrust on courses and programmes on Corporate Social Responsibility (CSR) during the last two decades. The philosophy of CSR rests upon the capacity of 'inclusive thinking' on part of the business leaders that will lead to 'inclusive growth' of the organization and all its stakeholders including the community. We can learn two lessons from Tagore that can contribute to meaningful CSR. First, there has to be an all-encompassing vision in the leadership without which inclusive thinking is simply not possible. This can only come from the vision of an enlightened SELF of the organization beyond the premises of the enterprise and organically connected with the community and all stakeholders for mutual enrichment. This is the first lesson that we can draw from Tagore who had the holistic vision of flowering of his university along with the simultaneous welfare and development of the community in that region. This found expression in his experiments at *Sriniketan* in Surul, a few kilometers from *Santiniketan*. Secondly, this also led to an eye-opening yet humbling process of learning among the students who would be exposed to the stark realities of the

underprivileged villagers and train them on economic self-reliance leading to social empowerment through participation in governance and collective decision making process. The lessons for students and executives are very significant in this regard. Before one engages in CSR, it is vital to go through a learning process in contact with the community so that one gets to know their 'real needs' and then design the CSR strategy and delivery mechanisms accordingly. Or else western models of development founded on techno-economic rationality get imposed on an alien indigenous milieu and the result is a gross mismatch as the 'perceived needs' of the community by the business leaders have no connection with the 'real needs' of community living in a third world scenario.

Engagement in Human Values and Ethics: At the Inaugural ceremony of *Cheena Bhavan* (The China Hall) in 1937 in *Visva Bharati* Tagore gave a profound message: 'Through unrighteousness man prospers, gains what appears desirable, conquers enemies, but perishes at the root' (Tagore 1937: 5). In his 'Talks in China' he goes on to clarify: 'The specific meaning of *dharma* is that principle which holds us firm together and leads us to our best welfare' (Tagore 2009: 119). All this garners our strength to uphold human values and ethics in the field of business education and practice today. Even though there has been renewed thrust on Business Ethics in academic curriculum and corporate codes of conduct, 'commerce without morality', one of the seven deadly sins identified by Mahatma Gandhi is rampantly prevalent in business worldwide as evident from the increasing number of scams and scandals from Enron in the USA to Satyam in India. One of the serious lacunae in management education worldwide is that historically the curriculum and courses had laid emphasis on behaviour and personality development but there had hardly been any mention of character. It is only in recent times that the vital issue of character building has been highlighted by a few illumined thinkers and academics (Chakraborty 1995; Covey 1990). Tagore had sounded this caution in China in his critique of the wild west '...where progress is measured by the speed with which materials are multiplying. Their measure by horse power is one before which spirit power is made humble. Horse power drives, spirit power unites' (Tagore 2009: 131). According to Xu Zhimo (2005, Vol. 7: 42)

Tagore was ‘...afraid we would be infected by the mediocrity and evil of profiteering’. Unfortunately by and large, this is the class of people that are the key decision makers and at the helm of affairs in business and otherwise world over—the successful mediocrity! Thus it is more than imperative for academics and business leaders to take note of Tagore’s warning and focus on initiatives to cultivate and disseminate human values and ethics at the personal and the organizational levels for a sustainable future.

Space for Silence and Solitude: Over the years, there has been a growing trend of introducing such transformational processes like meditation, mindfulness exercise, etc. in self and organizational development workshops in business schools and corporate houses. This plays a very significant role in evolving a self-culture that enables us to be in touch with our inner life, feel the harmony within and harness our infinite potential that leads to effectiveness in transformative leadership roles, fostering cooperative team spirit, wise decision making, problem solving and conflict management. But sordidly enough, this is yet to find spontaneous acceptance from the mainstream academics as they look at these initiatives with suspicion and equate them with religious practices and rituals branding them off as ‘soft and irrelevant’ vis-a-vis their hard management tools and techniques. It is indeed inspiring to note that a century ago, Tagore had introduced collective prayers and meditation as part of the daily activities of the inmates of the university including the students and teachers. He had earmarked a particular place, a room, for the practice of the meditation and worship of the Formless Divinity to make the appeal of this initiative universal.

5 The ‘Spirit’ of Sustainability

In recent times there has been a lot of concern for sustainability in the ecological sense even in the field of management education. Now ecological sustainability cannot be a movement without sensitivity towards the Spirit as in *Espirit de corps*. The Latin root *Spiritus* means breath. There is a breath of life eternal in the glow of the sun, the flow of the

water, the blowing of the wind and dancing of the leaves and birds. Are we ready to perceive these movements of Nature that also keep us alive?

Rabindranath Tagore could fathom these vibrations as evident from all his creative masterpieces. *Muktadhara* (The Free Flow) is a play by Tagore where one finds the human protest bold and clear against mindless dam construction that arrests the natural flow of the river for power and control on others including nature. Abhijit, the protagonist of alternative voice finally did lay down his body and life in the gushing waters of the dam to protest against this inhuman act of exploitation of nature and human spirit of free-flowing natural life.

We have lent silent ears to the wisdom of the poet. And what are the consequences?

In the hills of Uttarakhand in India are many places of pilgrimage including Kedarnath and Badrinath. Devotees from all over the country and elsewhere flock these age-old shrines for spiritual solace and sublimation for thousands of years.

And then one day floods hit all over this region. Official figures said that the death toll was 6000 while media reported that the figure crossed 10,000. Untold misery befell the families afflicted. Many corpses were to be recovered months later. But the question is: Why did it happen?

Mindless construction of buildings and dams had been going on in this region for long in the name of progress and development. Conscientious experts and critics strongly suggested that this disaster was man-made! The self-sustaining resources of Nature were being ravaged to cater to the greed of man to such an extreme that finally the blow came back. Where then are we heading in the name of progress and development?

In our mind's eye we can visualize another scene. This time it was in Germany on the bank of the river Rhine. The entire village folks had assembled to watch the installation of a hydro-electric plant. The power generated from the plant will not only be an example of a technological marvel but also be of great economic and civic utility to the entire village community. On the bank of river a little away from the scene of merriment was sitting the philosopher Martin Heidegger. His mood was

one of remorse. One could see the worry in his eyebrows and wrinkles all over his forehead. A passer-by asked why he was not participating in the grand celebration ceremony. Heidegger was silent. His eyes were painfully watching the turbine blades striking and churning the waters. One could then hear his murmur of lament that was powerful and poignant—‘Can’t you see the river is getting hurt?’

In his famous play *Raktakarabi*, Tagore portrays an atrocious king, the owner of a mine, as an engine of exploitation and mechanization as reminiscent of Chaplin’s *Modern Times*. Then the child of nature, Nandini makes her glorious and lively advent into that kingdom with her love, freedom and spontaneity. People could feel and sense their fetters as in the machine and learnt to sing and dance in celebration of life—Nandini’s worship (*Puja*). The symbol of power and authority, the royal flag (*Dhwoja*) was still standing in the way. The grand finale was reached when the King himself broke down his flag to join the celebration of Nandini. The crux of sustainable self and life is in this ability to challenge and demolish one’s archaic beliefs and values that devours the life naturally!

Any teacher and learner of substance and eminence will ever be willing to challenge the self. The roots of sustainability lie in our Self. It depends on whether we are bold enough to raise the deeper and critical questions about the way we think and live. Otherwise the system of learning becomes ossified and fossilized with heat and dust around but no Light! Sadly enough, *The Little Prince* lamented: ‘Grown-ups are like that!’ (Exupery 1974: 17).

6 Concluding Reflections

Conventional management education system especially its dominant mainstream is founded on the pillars of predictability, measurability and objectivity. It owes its origin to the western capitalistic hegemony, exploitation of the workers for the accumulation of profits to the owner-entrepreneur and its natural offshoot ‘Scientific Management’ of Frederick Winslow Taylor. Anything that is not predictable or measurable did not find space within the discourse or practice of management. All this has created an aggressive mindset among both the faculty and

the students and a confidence that there is one and only single solution to any problem. Moreover the validity of the solution would have to stand the test of techno-economic rationality. Viktor Frankl in his insightful book 'Man's Search for Meaning' had diagnosed this problem of modernity as an obsession not with nothingness but 'nothing-but-ness'. This aptly captured the dead sure attitude that there can be no space for 'the other' or alternative solutions to any particular problem. Sadly enough this reflects the complete ignorance or oblivion of the reality that there are deeper and intricate social, psychological, cultural and human dimensions to any problem—technical, managerial or otherwise. While it is also true that courses on these dimensions have been introduced in the structured academic curriculum, the stalwarts of the mainstream management and consequently their counterparts in student community treat these with disdain as 'soft' or irrelevant courses that hardly deserve any worthwhile attention as they have no ultimate value in the job market. Thus organizational cultures are created to devote solely their energy and initiatives towards the pursuit of profits, turnover and economic growth.

The location and architecture of modern organizations and educational institutions make them completely divorced from Nature. Now Tagore's experiment on holistic and humanistic education based on learning in natural surroundings comes as a bold and powerful challenge to such gigantic behemoths that keep on churning out millions of mindless 'One Dimensional Man' (title of book by Herbert Marcuse) devoid of heart and soul.

As mentioned before Tagore was admitted to six schools but could not 'sustain' any of them even for a few days as the education was structured, monotonous and lifeless! The poet could listen to the call of the wilderness for sustainability and spiritual transformation. In his play *Achalayatan* (The Stagnant Chamber) the poet portrays the worst possible predicament as we witness in modern education. But he also gave the clarion call to freedom: 'In which dawn did you give that call?/No one will ever know'.

In order to respond to the call of nature, we need to create space for silence and solitude amidst the blast and speed of modern life. Spirit can be awakened, sensitivity can be revived only in the heart of silence

when we learn to see and listen properly, feel nobly and love abundantly. In his touching masterpiece *Dakghar* (The Post office) we find the young Amol, a terminal patient observing and listening to Nature from his death bed in a way that the ordinary mortal cannot as we take things for granted and do not care to look at them deeply and differently. Amol's realization comes as a death knell to all experts, icons of lifeless scholarship and champions of structured and mechanized modern education: 'I don't want to become a *pundit*...' Amol perceived life from the throes of death in his moments of poignant silence! Before his death, Amol recorded his alternative voice as letters to the king of the land that never received any response for which he waited till his last.

The drama of life and the dance of death! Imagine, this play would be enacted by the Jews in the translated version on the eve of their 'Day of judgement' in the fire and furnace of Auschwitz! They would perform the play before they would face their inhuman ordeal to gather mental strength to face the stark brutal reality! When human suffering surpasses all our wildest imagination culture in its all-pervading and universal form comes as our soulmate crossing all borders of space and time. The agony of one Amol merges with the oceanic inferno of the sufferings of an entire race.

Six million Jews were killed in the worst ever human massacre. The philosopher Theodore Adorno wrote: 'After Auschwitz it is pointless to write poetry'.

But still we write poetry. And venerate Tagore.

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Spirituality, Caring Organizations and Corporate Effectiveness: Are Business Schools Developing Such a Path Toward a Better Future?

Henri-Claude de Bettignies

Given the state of the planet today and our observation of current corporate managerial behavior, a narrative of doom is a huge temptation. However, if “spirituality” could induce entrepreneurs and leaders to build “caring organizations” that are also effective, then hope could be around the corner. But can spirituality—conspicuously absent from the core curriculum of present-day management education—be taught and “developed”? And if so, could business schools then begin to contribute to the building of spiritual capital and develop effective “caring” organizations? Challenging questions but highly relevant now, particularly if business schools—like INSEAD today or Business School Lausanne and Exeter yesterday—really want to walk their talk: *to be a “force for good”*.

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The paper, following an assessment of today's business environment, gives comments on spirituality and its relevance for entrepreneurs and managers. Then it introduces some examples of current leaders and organizations said to rely on "caring" management. It also explains why a paradigm shift is imperative, along with the difficulties it brings. The paper ends by discussing the role of business schools in facilitating the changes the author believes necessary, and concludes with a personal view.

1 Spirituality

Spirituality is more related to ends rather than means, and today we live in a world where managers seem more concerned with the latter. They are keen to know the "how" rather than the "why" and so spirituality—as a path to communicate with one's inner self, to rethink relationship with nature, to explore the less traveled road of transcendence—does not seem of practical relevance to today's managers.

Religions (some more than others) may give guidance on spirituality, but religions do not have a monopoly over it. Through exercises, rituals and the practice of self-control religions can encourage efforts to access a meta-level of consciousness, of mind or thought-control. "Thus, religion is concerned with a theological system of beliefs, ritual prayers, rites and ceremonies, and related formalized practices and ideas, while spirituality is concerned with those qualities of the human spirit such as love and compassion, patience, tolerance, forgiveness, contentment, personal responsibility and a sense of harmony. From this perspective, spirituality—as defined by the Dalai Lama—is necessary for religion, but religion is not necessary for spirituality (Fry 2003). The common bridge between spirituality and religion is that both are based on a vision of service to others through love or other-centeredness, as exemplified by the golden rule" (Fry 2016: 2). Spirituality, then, can bring clarity of intent and lead to an inner balance that rebuilds the mind-body in a holistic dimension—real assets for the decision-maker. The curiosity and capacity to explore the relationship with oneself and others and with nature, to inquire into the transcendence dimension of

human life is, in fact, widely distributed across cultures. Hence spirituality (Fry 2005) should be accessible and relevant to anyone, particularly to the entrepreneur, the leader or the manager, each of whom may have influence (and therefore responsibility) over others.

If management practice should be an art beyond a set of techniques, could spirituality be a fertile humus to cultivate inspiration? Clearly in today's world managers come to business schools not to become artists using soft techniques in order to create beauty, but because they want to acquire skills in the use of techniques and hard tools. They want to learn models, algorithms relevant to their world of work where they are expected to maximize the value creation for their stakeholders. So, in a VUCA world—Volatile, Uncertain, Complex and Ambiguous—is there the space to capture the attention of leaders and managers and focus it on spirituality through examples of contemporary, successful business leaders who attribute their leadership and corporate effectiveness to their engagement in the path of spirituality? Such a proposition seems doubtful, since such an effort would be a real challenge in a world where one of the foundation stones of economists' models is the "homo economicus".

In fact we should have already realized that such a dominant concept of the "homo economicus" acting rationally, in perfect self-interest, is flawed. As Thompson (2007: 36) says it "does not explain goodness beyond self-interest, acts of altruism for which there can be no economic return and recent studies in behavioral law have demonstrated that people frequently do not follow their rational instincts". Thompson puts forward a theory of human beings as consisting of two natures: beyond the *homo economicus* there would be the *homo spiritualis*, "a spiritual being with a passion for truth, justice and goodness beyond self-interest: this human is a moral being, with a sense of hope for humanity and a world-view that there is something more, however undefinable, than materialist desires of life" (Thompson 2007: 36).

Luk Bouckaert (2010) gives a good definition of spirituality as "people's multiform search for transcendent meaning of life that connects them to all living beings and brings them in touch with God or ultimate reality" while Fry (2016: 2) writes that "spirituality refers to the quest for self-transcendence and the attendant feeling of

interconnectedness with all things of universe”. It also induces a search, so widespread today, for the meaning of life.

“Caring entrepreneurship” can be an offspring of “awareness”—enhanced through spirituality—in the management of self, of others, of the relationship with “nature”. As the enterprise is the most effective value-creation institution in society, its (responsible?) leaders should embed “caring” as a cardinal virtue in their management, be it the management of people, the management of material or financial resources or the relationship with “nature”. Furthermore, as the philosopher Hans Jonas (1979) made very clear, this is not only about caring for today’s environment or today’s generation, we should also care about future generations from whom we have ‘borrowed’ the planet. We are merely short-term tenants of an environment, of a planet that also belongs to our grand-children and their grand-children. “Caring” is therefore a categorical imperative. Entrepreneurs and business leaders are but temporary gardeners of a plot of land to be cultivated with care, as the negative externalities of their action will be passed over to future generations. But is all this today’s reality? Is Bill Gates’ (2008) “creative capitalism” helping (“profitably”) the “bottom billion”—an illustration of caring entrepreneurship?

While searching for the possible use and effectiveness of alternative paradigms to care for the planet, a group of scholars optimistically noted recently that significant progress has been made in resolving some of the big issues addressed by the Millennium Development Goals. For example: extreme poverty has decreased from 1.9 billion in 1990 to 836 million in 2015, the most progress occurring since 2000. The number of child deaths has been reduced from 12.7 million in 1990 to almost 6 million in 2015 globally (The Millennium Development Goals Report, 2015). Yet at the same time the planet, the state of government, the economy and our societies are in many ways worse off than at the turn of the millennium. In the period 2000–2012, humanity’s ecological planetary overshoot grew from 36 to 64% (Global Footprint Network, 2016). In its report, the World Inequality Lab (2018) mentions that “the global top 1% earners has captured twice as much of the growth in global income since 1980 as the 50% poorest individuals”,

resulting in escalating dissatisfaction with economic and political systems around the world. It has become clear that “a single player alone, be it a government, a business or civil society, cannot resolve these increasingly complex global challenges. Much hope rests, therefore, on the innovation power of business with its far-reaching global presence and influence” (Muff et al. 2017: 363–364).

2 From “Dissent” to Action

Today there are many voices and many initiatives pushing for change toward sustainability. The noise of the media, in the civil society, some academics blowing the whistle on the many negative externalities brought by the dominant neo-liberal model (like Streeck 2015; Mason 2015; Kocka 2016; Tirole 2016) explain why some enlightened CEOs and business leaders are starting to explore alternative paradigms in a search to fix societal problems.

It is also the message of Pope Francis (2015), who uses his moral authority and the loudness of his voice to strongly encourage reform of the dominant neo-liberal model. The Dalai Lama invites us to rethink our relationship with nature and our own inner self. Many intellectuals have raised their concerns about the dangers of the dominant socio-economic model, arguing that the corporation and its leaders are at the root of most of contemporary societal problems. NGOs blow their whistles about the corporate irresponsibility so visible in the current abusive exploitation of natural resources and people (children, sweatshops). Some business leaders and media organizations set up conferences, forums to enhance awareness of the necessity for corporate leaders to come up with creative solutions to alleviate the negative impact of their competitive behavior. United Nations organizations (e.g. Global Compact) try to influence and foster the development of corporate behavior that has internalized responsibility. Accreditation organizations (e.g. AACSB, EQUIS) want to have a significant impact on the prevailing curricula in management education institutions. Although they do not challenge the dominant model, they encourage

institutions to go beyond giving practical tools for enhancing compliance and to move “responsibility” into the *core* part of their programs.

Despite the pressures coming from these various sources, as we can still observe and hear, corruption is not in retreat, corporate destruction of the environment continues to thrive (e.g. logging, mining), the abuse of human rights remains widespread, deceptive marketing and questionable lobbying practices are omnipresent, tax evasion is now a corporate craft and the more visible violence has not remained outside, on the street, but has entered the corporation itself,

In such a context, the fashionable implementation of CSR approaches is often seen as more of a placebo (or greenwashing or just philanthropy) than an effective solution to negative externalities. In order to move from social responsibility to the necessary social accountability, Bryn Jones (2015)—who shares Karl Polanyi’s criticism of the shareholder-driven/executive managed model—proposes a number of alternatives toward an “accountable capitalism”.

Today’s ESG (Environment, Society and Governance) approaches—a step in that direction—offer a more comprehensive tool not only to assess corporate performance but also, hopefully, to push business leaders into espousing a more holistic (and long term) view of their corporation’s impact on society. However, one might question whether the mere substitution of “business ethics” by “*sustainability*” in business schools’ curricula really represents an effective step forward, conducive to making an impact on “*character*” development? Arguably, unless stronger action is taken to broaden the criteria in assessing corporate performance and re-assessing the purpose and process of management education, we risk bequeathing our grand-children a sick planet, the result of our abuse of nature. We will further have created a fragmented society, one that cultivates hyper-individualism, develops consumerism and nurtures egoism with little or no awareness that we belong to “humanity”; a humanity that should be conscious of its place as a “community” at the *planet* level (Petrella 2015: 245).

Could spirituality-driven entrepreneurship and leadership transform contemporary management? Could spirituality and “caring” induce a

management renaissance? Could it give an “authentic” leader the answer to the question of how to live in our VUCA world, how to be true to oneself and to the people one leads? Spirituality and caring management are concepts that could indeed generate a new direction/dimension for academic research and produce learning to be integrated into management education. However, spirituality as a broad concept has not yet gained a foothold in today’s mainstream management research, theory and models (Dent et al. 2005; Reave 2005)—in spite of the very productive work of Laszlo Zsolnai (2014a, b) and the many European SPES activities. In fact, spirituality has been the humus upon which several successful entrepreneurs have fed, leaders whose spiritual approach did not bring the hubris frequently observed among others driven more by their thirst for growth or obese ego. Their experience may offer useful learning that researchers could investigate and share. If spirituality cannot be “taught”, then learning may profitably be drawn from examples.

3 Coping with a VUCA World

Present leaders see Brexit and Trump as bad omens for the world, only adding greater uncertainty to the perennial problem areas of the Middle East, sub-Saharan Africa or the erratic North Korea ... Furthermore, political populism has put liberalism in economics and governance under intense pressure, and although new technologies may induce a (partial) reverse globalization (Beattie 2017) (with robots, manufacturing might “reshore” or “nearshore”), the global financial crisis and exacerbated economic inequality have only increased concerns, raising further anxieties about the future. In addition, we see that “after years of moving toward openness and the rule of law, many countries in the developing and advanced worlds, prominent examples being Turkey, Hungary, Yemen and of course, Syria” (Beattie 2017) have reversed course, backsliding on civil liberties, democracy and a free press. Other countries such as Singapore or China are questioning the Western model of participative democracy, trying to convince their citizens that their domestic, alternative governance model is a better one and must be preserved.

The ubiquitous digitalization (with its revolutionary consequences), the financialization, the merging of the physical, digital and biological worlds with a quasi-infinite potential (and also many dangers) facilitates the commoditization of everything. From the guest room in our house, now turned into a source of income to body parts sold (e.g. kidneys) or rented (e.g. a uterus for surrogate pregnancy), from the right to pollute to a tradeable permit—all these are turning market economies into market societies. Sandel (2012: 244) argues that we live in a time of deepening “market faith” in which fewer and fewer exceptions are permitted to the prevailing culture of transaction, and where there seem to be no *moral limits* on markets. “In the US and China, there are strong voices who will challenge the whole idea of there being any limits” (Luce 2013). In a world where everything is for sale, it is difficult to escape from the pervasiveness of the “economic way of looking at life” approach of the Chicago economist and Nobel Prize winner, Gary S. Becker (1994). A re-ification and commoditization of everything is the inevitable outcome of the economist’s professional view of “knowing the price of everything and the value of nothing”.

4 Developing a “Caring” Organization and Promoting “Frugality” Becoming an Imperative?

In a globalized, deregulated, liberalized world—where everything has become a commodity and can be traded (on a non-level-playing and global field)—where digitalization is ubiquitous; algorithms driving AI; big data management eroding privacy; nano-technologies and robotics substituting many human jobs; the nature, quantity, speed and depth of change cannot but threaten traditional values, question the anchors on which life is articulated and challenge the leader’s compass. When disruptive innovations shake corporate cultures and practices, when the dominant neo-liberal model is increasingly questioned and as its dysfunctions become glaringly visible, one can understand this search

for meaning, this questioning “*purpose*”, this discussion on the “finalité de l’entreprise”, this quest to find direction and thirst for *values*. In this context, the role and importance of *spirituality* becomes clear: to give the entrepreneur access to his/her inner self and open the path toward practical wisdom in making decisions about people, in handling dilemmas through inner peace and anchors to help manage risk and have access to ontological security. And because our corporate environment will remain in a VUCA context for generations, the capacity to get closer to one’s own inner self and—at the same time—distance oneself from the present in order to espouse a long-term vision, this will become if not an imperative then at least an asset upon which a caring and compassionate style of leadership and entrepreneurship behavior can be built.

In fact, what technological innovation, life style changes and the values of a new generation bring is not a succession of “crises”, but a new *civilization*. With the change in values relationships are different: parent/child (Twenge 2017: 58–65); boss/subordinate; husband/wife; corporation/employees; government/civil society, ... and the distribution of power has to change. It does not mark the end of history, even if transhumanist half-geeks-half-gurus want to move from GMO to HMO, that is from Genetically Modified Organism to Human Modified Organism, engaging mankind in a move toward positive/negative eugenics, (perfect) design-children (“enfants à la carte”) and other genetic changes to our human nature and identity. It heralds a new civilization in which entrepreneurs and leaders will have to reconsider their ways of achieving their objectives, their style in managing talents and virtual teams in a new context, one where society’s expectations and demands will be more pressing. This transformation of society, this new civilization in the offing (the “metamorphosis” described often by Edgar Morin [2011: 312]) will of course confront the leader with questions: what should be my leadership style in this emerging world? What is the purpose of my life? Am I making a good (full) use of my talents? What are the extents and limits of my responsibility? In this VUCA world, where does the long view take me? Which philosophical tradition can help me find my path toward happiness? Spirituality, then, might make

coping less challenging and cannot but bring about “caring” for the other.

“Caring” for the other will also—in a world with finite resources and so much inequality—inevitably bring concerns about “frugality”. Although on Main Street, essentially in Europe, there is talk, debate and conferences about “why” frugality is an imperative—particularly in the West—research on “how” to induce such frugal individual (or corporate) behavior is still modest and far from mainstream. However, the imperative of sustainability will require and impose frugality (Bouckaert et al. 2008). In a world of finite resources, they will have to be shared. On Wall Street, frugality is not on the agenda, concerns do focus more on fighting regulatory pressures, sniffing legal loopholes and developing creative escapes, keeping extravagant compensation, managing tax avoidance and above all, cultivating an unwillingness to learn lessons from the global financial crisis. But with so much excess visible in the way employees are considered (as replaceable cogs in a complex machine) we can now detect a rethinking about the place of the person in the organization, and we see initiatives to bring more *humanity* in management.

The Zermatt Summit is a good example of those efforts, as since 2010 it has brought together academics, business and public leaders and NGOs concerned with how to “humanize organizations”. With Philippe de Woot we have made this imperative explicit (de Woot and de Bettignies 2018). Recently De Cremer and Tian (2017) wrote, quoting Robert Sutton from Stanford: “workplaces are dominated by a culture of winning and being an asshole”. In his book “The No-asshole Rule: Building a Civilized Workplace and Surviving One That isn’t” Sutton provides clear examples of how as long as you get good results, it is more or less OK for the U.S. corporate world to be an asshole. In line with Sutton’s assertion research has, for example, illustrated that “almost 14% of all U.S. employees have found themselves confronted by an abusive supervisor and that this dysfunctional type of leadership costs companies an estimated 23.8 billion dollars annually (due to absenteeism, health care costs and decreased productivity)”. One can understand the current interest in “humanizing” management, in “compassionate management” and in “caring” in the organizational context.

Developing “caring” organizations, i.e. putting people first in the organization, is bound to receive more attention for several reasons. In particular these include: pressure from the civil society (e.g. NGOs, unions), media noise, greater protection of whistle blowers, government pressure and regulations, visible examples of successful caring leadership and management, and research results that illustrate the better performance of organizations that have developed a culture of *trust*.

In the absence of “caring” (i.e. of “responsibility”) the unending succession of scandals such as Volkswagen, GSK, Wells Fargo, BNP Paribas, HSBC, Barclays... will continue. Such cases explain why civil society now has so little trust in business and business leaders for, as Skapinker (2017) says, “in the absence of trustworthiness, it is difficult to promote trust!”.

The corporate world has tainted its image in many ways, through deceptive advertising, corruption, cartels, Ponzi schemes, environmental damage, the destruction of nature, aggressive lobbying and greenwashing, all adopted in an overriding aim to privilege return for the shareholder to the detriment of any concern for the common good (Cory 2001).

“Caring” and compassion were absent and until recently, sustainability was a luxury since quick returns under competitive and shareholder pressures justified a short-term priority. This is now changing. Main Street sees itself as the victim of such a short-term orientation and of global competition, head count and productivity pressures, the impact of digitalization on job redistribution (with unemployment the bottom line) while burnout (and bore-out) cases, suicides (not only at Foxconn in Shenzhen, at Orange...), demotivation and a desperate search for meaning seem to have become increasingly part of the landscape.

How can we introduce “caring” into organizations, to win back trust and rebuild the trustworthiness of the enterprise? How to promote a concept of the enterprise as a “community” of “persons”, bringing individuals talents together to contribute to a “purpose”, for the good of stakeholders, for the “Common Good”. It is and will remain a huge challenge: “caring”, “compassion” and “benevolence” are not part of the dominant management paradigm taught in business schools engaged in preparing tomorrow’s leaders, training current

managers and trying to enlighten top executives. The recent work of Duff McDonald (2017) makes it explicit, *if necessary!* Those three dimensions are seen more as part of the health professions, of NGO practices (visible particularly in times of catastrophe): traditionally, they have not been associated with the requirements to develop corporate leaders.

However, some business leaders, entrepreneurs in Europe, the U.S. and Asia are claiming to cultivate spirituality, and through this have found the resources to develop caring organizations. The late Olivier Lecerf (Lafarge), Jean L. Dherse (World Bank, Eurotunnel), Xavier Fontanet (Essilor), Anita Roddick (Body Shop), John McKay (Wholefoods), Alan Barlow (Hamworthy Combustion) (Barlow 2018) and certainly Christopher Wasserman (TeroLab Surface) (Wasserman 2013) in Europe, William B. George (Medtronic Inc.), have made explicit how their spirituality made it possible for them to promote a caring style of leadership. Other CEOs across Europe have become role models, using their own leadership behavior (e.g. Lars R Sorensen, of Novo Nordisk) to push a “caring” style of management—beyond interpersonal relations—throughout their organization.

In East Asia, particularly in Japan, China, South Korea, Taiwan, in South East Asia, Singapore and among the overseas Chinese enterprises in the ASEAN region: “compassion”, “care” and “benevolence”, which are really part of the Confucian tradition (the “ren” of Confucianism) have irrigated the different national managerial cultures (de Bettignies and All 2011). In China, compassion is linked with the wisdom of Buddhism. Confucius emphasized how compassion was necessary to develop the enlightenment of the individual in society, as illustrated by the behavior of Ren Zhengfei, founder (1987) and leader of Huawei the large (81,144 employees) Chinese group in ICT. Ren Zhengfei’s great corporate performance is attributed in part to his compassionate leadership, well described in Tian and De Cremer (2017).

Compassion and benevolence are not the only features visible when assessing leadership in Chinese SOEs or in private firms (de Bettignies 2014). Thomas Hout and David Michael (2014: 103) write,

optimistically, that though “China Inc might appear to be an improbable source of fresh management thinking... yet, China offers more management lessons today than do most other countries”. In their research they emphasize a well-known feature of management in China: “China’s business leaders also manage people very differently. They’re culturally predisposed to see members of their organizations as *family* but, in return, demand a lot from them” (Hout and Michael 2014: 104). In a family firm, a caring management style is a common feature, although in a Chinese context a broader range of expectations is visible. Hout and Michael describe the specific Chinese dimension of the management practices of three legendary (very successful) company founders (Haier’s Zhang Ruimin, ZTE’s Hou Weigui and Wanxiang’s Lu Guangqiu) in whose leadership style—when carefully observed—compassion, benevolence and care are clearly visible.

In Taiwan—where Confucius is more alive than in China—Chun-chi Chou, founder and chairman of the Sinyi Group provides another example of (a) how Confucian ethics (Ip 2010), have guided his own leadership style and (b) how his spirituality guided his building of management practices throughout his real estate company.

Such concern for compassion is not specific to firms operating in Confucian heritage environments: we find examples of entrepreneurs in the West whose leadership behavior is driven by their spirituality and who developed management practices based on caring, sustainability and concern for the Common Good. The coal mining companies in Europe, until the late 1960s, are often described as being “paternalistic”, with a management that took care of most of the needs of the employees (e.g. health, housing, education, etc...). Such paternalism—now often belittled in Europe—was not rooted in spirituality, but its “caring” component was part of a social doctrine that emphasized the concepts of family, of community (along with a long-term, life vision).

According to Karakas (2011) “Over the past decade scholars have reported a dramatic and steady increase in interest in workplace spirituality among management researchers and practitioners, particularly in North America” (Cavanagh 1999; Tischler 1999; Giacalone and

Jurkiewicz 2003). Howard argues that this explosion of interest in spirituality is a new dimension of management since the 1950s (Howard 2002: 230). This movement has been described as a major transformation, in which ‘organizations long viewed as rational systems are considering making room for the spiritual dimension, a dimension that has less to do with rules and order and more to do with meaning, purpose and a sense of community’ (Ashmos and Duchon 2000: 134).

J. Robert Ouimet, the late Chairman of the Board and CEO of Holding OCB Inc and of Cordon Bleu, Montreal, Canada was a well-known example of efforts to align leadership style to one’s own spirituality. His leadership and management style were thoroughly irrigated by his values and the company values charter outlines the many dimensions of his efforts to embed his spirituality into numerous daily management practices.

The number of entrepreneurs and business leaders writing to share their experience of translating their spirituality and their commitment to values into their managerial decisions (Mitroff 1999; Malloch 2008) is slowly growing, both in U.S. and in Europe. Their accounts are precious, as rich in learning as their experience (often described with humility) may comfort those who are reluctant to take the less traveled path of spirituality in action. Other works (Perrot 2012; Bernard 2013; Lebrun and Falise 2008; Morin et al. 2012; Errard 2015) identify the pitfalls lying on that road. They also propose a rationale for taking the spirituality path: to develop the “discernment” and gain the resilience necessary to cope with today’s risks, challenges and dilemmas facing those at the top. In another interesting research project, Analyzing business leaders Klaus and Fernando (2016), demonstrate the central role of higher purpose in enacting spiritual leadership, and the links between spiritual leadership and social innovation.

To leverage the entrepreneur’s spirituality in order to transform an inner knowledge, and provide the moral strength to build an organization caring for people and relying on the long view necessary to build sustainability goes beyond mindfulness techniques and commitment to CSR. Such spirituality can be profane, the offspring of an investment in self-knowledge, not sourced in religious tradition but inevitably

cultivated during many years of inquiry. It is the outcome of a personal quest for the values that have shaped human life from time immemorial—often enriched through regular meditation practice.

5 Spirituality, Management Practice and Corporate Effectiveness: A Paradigm Shift

If management practice nurtured through spirituality in action can produce corporate effectiveness—beyond the search for a better bottom line—how can we learn from successful examples and is it possible to transfer such learning through education? Possible, it has been done and remains a challenge. Observation of today's society makes it clear that the dominant neo-liberal paradigm that privileges the hand of the market as the supreme driver of strategic decision-making and privileges a short-term horizon to reward the shareholder, has too many dysfunctions to ensure our planet's sustainability, and provide respect for the worker in the organization and respect for nature (not to be treated as a sink or as a resource that can be abused). However, whereas it is easy and a well-known exercise to list all the dysfunctions of the current dominant paradigm, the learning and necessary process of paradigm shift is—as experienced every day—an arduous process. Nevertheless, it has now become a categorical imperative.

Such a paradigm shift will of course raise some important questions: in today's (and tomorrow's) organizations, how can the role of spirituality be more effectively internalized by entrepreneurs and leaders? How can this be encouraged, facilitated? Will the Millennium generation become the owners of such mindscape change and build organizations that will be caring, sustainable and ethical by putting the *person* first?

In answering these two questions, hope is permitted. Many initiatives are taking place around the world—along with social innovations—through social entrepreneurship and enterprises, impact investments, cooperatives and several very innovative, promising projects. These are attempts to correct (or to compensate for) some of the negative

externalities already covered, linked with the current poor governance of our planet and the dominant corporate management philosophies and practices. But the Y generation's mindset and value orientation may give us some hope.

From all I have earlier described, it is clear that our way of managing our relationship with Mother Nature, our cities, our societies, our corporations must be revised. The many in society who feel excluded from the benefits of globalization and fear a negative impact on their jobs and lives from the rapid digitalization process are inevitably developing a dark vision of the future. The "bottom billion", who remain prisoners of poverty, survive with little hope. Our models of free trade, market self-regulation, of trickle-down effect, of comparative advantage, of lean and mean, have failed to deliver their promises. The hope for the future lies in the fact that it seems we are finally becoming more willing to question those models, and that more people are actively exploring alternatives.

Until now business schools have been reluctant to learn from our *awareness* and take *responsibility* for the negative consequences of our dominant neo-liberal market-driven economic model that transforms citizens into consumers and manipulates their needs and desires, introducing a transformation of the later into the former. Marketing professors teach tools to do that. We have been led to believe that the purpose of the firm is to make a profit to reward privileged stakeholders for the risks they take and to keep their commitment to the future of the company (measured on a short-term view *and* through the volatility of the irrational exuberance of a stock market). Finance professors propose robust models and algorithms to maximize the creation of shareholder value. We privilege the view that the hand of government should be as light as possible (as taxes should be!), that creative accounting should become an art while lobbying should enhance efficiency and effectiveness in influencing and shaping the regulatory process. HR professors propose models to make the human "resource" used as efficiently and effectively as possible, to rely upon contingent but authentic leadership, sophisticated motivation processes and complex compensation packages, techniques and tools supposed to make downsizing less painful, the management of change less threatening, negotiation and

manipulation more professional. Where is the “care” in such a vision of the man–organization interdependence? Where is the “community”, the “Common Good”? Is there even a tiny place for compassion and benevolence in such a corporate world? Spirituality, caring, ethics have little space in such world: frustration with the dominant model is growing. Employees and civil society’s negative reaction is further fueled by media reports of corporate misbehavior which bring added mistrust; whistle blowers hesitate to take big risks; industrial relations become confrontational and dissent and violence take over the streets.

Of course, we do include human capital (“the knowledge and skills that an individual brings to the workplace”), social capital (“the relationship between individuals and organizations that facilitate action and create value”) in our teaching, but tend not to refer much to the nature, value and relevance of “spiritual capital” in an organization. However, the relationship between those capitals is complex but synergistic. Furthermore, research has demonstrated (Stokes et al. 2016) that

the more businesses can be open and acknowledge the existence of both religious and secular expressions of spiritual capital, the more human and therefore the more productive their corporate environment is likely to be. The more spaces and places in which staff are able to express their deepest values, beliefs and attitudes for positive change and well-being, then the more authentically connected they will feel to the roles that have been assigned to them.

Clearly, we need “now” organizations that are caring, sustainable and ethical and committed to building spiritual capital. But first we need to produce leaders and entrepreneurs for those organizations whose behavior is defined by a different paradigm. These people need to be concerned with the Common Good and have a long-term view that aims to integrate a genuine sense of belonging to a “humanity” (Petrella 2015) whose happiness and survival require solidarity, sharing and certainly a different relationship with Gaia. How to make such a paradigm become internalized and owned by current business leaders, by their immediate successors and by the next generations of entrepreneurs and leaders who

will be creating and leading tomorrow's corporations? Who can foster the promotion and development of such men and women of character, people driven by their *awareness* of the risks our current neo-liberal model poses in the medium and long-term, having a realistic, positive *vision* of an alternative model, using their *imagination* to think out of the box, integrating *responsibility* and caring, and who are confident and willing to take *action*.

Will governments promote the development of these "men and women of character", committed to a caring style of leadership? Unlikely. Will international organizations (such as the UN) encourage and fund initiatives for that purpose? Yes, they can and do "encourage" (limited) efforts such as PRME launched by the Global Compact. Will business leaders' organizations, employers' associations pioneer the required paradigm shift? They certainly try, through meetings and publications.

The work of some thought-leaders such as Stephen B. Young, global executive director of the Caux Round Table, has been particularly effective in promoting "Moral Capitalism" and contributing to a paradigm shift. The "Davos crowd" is not short of *awareness*, it can listen to political leaders, to management and religious gurus, stars of all kinds to give vitamins to its *imagination*; it can complain about today's corporate risks and express regret at having lost the trust of society; it can make well-polished statements about the need to innovate and to do good to do well; it can propose a rich and positive *vision* that promises to go beyond CSR and, thanks to mindfulness exercises, internalize *responsibility* and move into *action* for the planet. But still, Davos remains more a business-cum-political networking forum, a roundtable of the global elite for which a paradigm shift would be shaking the very angular and key stone upon which they have built their position, their success and their egos.

However, there are examples of individual initiatives from a small number of enlightened leaders, courageous and visionary, that demonstrate that change is indeed possible. A small number of business leaders in charge of large multinational companies (e.g. Unilever) or small firms, cooperatives or social enterprises, realistic in their assessment of the present and driven by a long view and care for the planet are

transforming their organizations. Those enlightened leaders have internalized an “AVIRA” approach that builds management practice upon five concepts: Awareness, Vision, Imagination, Responsibility and Action. *Aware* of the present including their inner self, having developed a *vision* of an alternative built on *imagination*, they engage with *responsibility in action*: Responsibility drives sustainability in action and care—beyond relationships—it guides decisions. This AVIRA approach is now used by a number of business leaders who frame their action around the five concepts.

Such AVIRA leaders are still rare—though some corporations and other innovative leaders’ associations are actively engaged in promoting their development. The road to a *management that is “caring”* is difficult as many objections are always raised against it. We are told that caring is costly and not necessarily conducive to corporate effectiveness; that competition is so tough the corporation needs to be lean and mean, pushing for head count and cost reduction (with an impact on HR practices); that productivity gains are key and digitalization increasingly an imperative, all of which makes caring impossible. A corporation is not a Foundation or an NGO and cannot be in the “caring” business; “my competitors are not concerned about this, why should we?”; or “we do care, of course!”...

If in practice it is difficult to promote and accelerate a paradigm shift among current corporate entrepreneurs and leaders, can “*education*” be the effective tool it is believed to be in changing attitudes and behavior? In other words, thinking of tomorrow, can education help to bring about the necessary change in the way we define the purpose of the firm and in the methods and tools used by corporations to achieve their objectives? In a time of a sea change in terms of values, of access to new technologies, of disruptive innovations, of the availability of new tools (with the use of big data, of AI, AR, etc....) can we capture and draw the attention of leaders and entrepreneurs to the *fundamentals*: the purpose of the firm, the role of the person in the organization, the responsibilities of corporate stakeholders, and the planet in 20, 50 or 100 years from now? Can we effectively develop a generation of entrepreneurs and leaders in closer contact with their inner selves, more aware of who they are, more aware of the nature of the person as an *interdependent*

being? Can we sharpen managers' understanding of their responsibility as co-creators, with others, of a future that will affect the grand-children of their grand-children? Making use of history, can we help managers make better sense of the present and, through the use of philosophy, help them on the road to the future through practical wisdom?

6 The Role of Business Schools

Business schools should be leading the required education process. They play a significant role in the corporate world, producing many future business leaders and nurturing young entrepreneurs keen to start up their own firms. They train managers, sharpening their skills in managing “resources”—be they financial, technical, information and... human—and pooling them to achieve corporate “objectives”, thanks to the tools and techniques provided. They try to enlighten current business leaders by inviting them to resource themselves, to enhance the effectiveness of their function as “*meaning-providers*” and as role models in their organization through learning the latest models.

Business schools not only share knowledge, they play a significant role in “creating” knowledge through their (often) very significant investment in research. In short, it is not only in their sharing knowledge and transferring skills that business schools play a significant role in society it is also in *creating* knowledge, distributed through academic publications and shared through consulting, through contributions to the media, conferences, forums, roundtables, professional and social networks and now through MOOCs (Massive Open Online Courses). As such they format the mindset of entrepreneurs, corporate leaders and managers. Are they teaching the right thing to promote and embed into action a real concern for the Common Good? Are they teaching, promoting theories and models likely to contribute to the creation—through the economic and political activities of their students—of a “good society”, a “caring” society, where sustainability strategies and their implementation will be a categorical imperative?

Some doubt it, as I have previously illustrated (de Bettignies 2013). Business schools influence the values of their young

MBA students, who all admit that their one or two-year MBA program has significantly changed their mindset, their way of looking at the world, their mindspace. Business schools bear a significant responsibility for the dominant ideology, the dominant paradigm their education process has promoted. Some deans and faculty members may deny this, saying that their teaching is “neutral”, value-free, not pushing a particular ideology and that in any case, the multi-cultural dimension of their students cohorts obliges them to present a “relativist” approach (“there is nothing right or wrong: it all depends”, “we certainly are not preaching”, “we give facts, robust models” and in any case, “by the time our students come to us they already have their own values, our role is not to change them...”) In reality, management tools and techniques are not neutral: they are value-loaded. We do influence the way our students look at the world, see society, handle people and situations, manage uncertainty and risks, understand the value of values, etc.... But we do not teach history, we do not have courses in philosophy, we hardly mention “spirituality”. We introduced ethics into the classroom a few years ago (as an elective course) and moved it only recently (under different names!) into the core curriculum. We should not be surprised that misbehavior in business is so prevalent, that cutting corners is so common, that too often the end justifies the means, that people are treated as a “resource” like a greenback or a machine, that tax avoidance is taught as an art, greed and risk becomes a creed, etc. Grenfell social murder or Rana Plaza catastrophes, Bernie Madoff or Jeff Skilling should not surprise us. In those responsible for “caring”, the target of the “caring” was just wrong. “Caring”, compassion, benevolence are not buzzwords in the core curriculum or in elective courses. Even if meditation, mindfulness have now entered our institutions—along with coaching to contribute to self-knowledge—spirituality is still exotic. But possibly not forever!

Some schools, however, are pioneers in curriculum design, in innovative pedagogical processes (e.g. Exeter Business School in the UK, Business School Lausanne in Switzerland). Business schools’ associations such as AACSB or EFMD promote their own accreditation process (e.g. EQUIS for EFMD) and as such, play an important normative role for the many schools who are keen to obtain the recognition that

goes with the accreditation. Such accreditation processes shape schools' curricula, organization processes and practices. Henceforth, they could have a significant impact on business school cultures and management; they could play a significant role in the development of curricula and course content, and be instrumental in inducing the changes we suggest are imperative to promote caring entrepreneurs and leaders. Other organizations already mentioned such as PRME (Principles for Responsible Management Education), GRLI (Global Responsible Leadership Initiative) may also play a very useful function in sharing teaching innovations, promoting an exchange of experiences between schools and encouraging networking among those pioneer institutions willing to take the risky road of innovation.

7 Conclusion

With 50 years' experience in business school cultures—notably at INSEAD (in Europe, Singapore and Abu Dhabi), Stanford Graduate School of Business (in California) and CEIBS (in Shanghai) I have observed and participated in institution building, curriculum development and school management. I remain impressed by the quality of their Faculty, their capacity to produce knowledge and their first-class teaching-delivery. I believe business schools are potentially one of the most effective tools in bringing about the changes necessary in managerial thinking and practices. The leading ones have the clout, the global recognition and the great intellectual capital required to influence business leadership, to stimulate the necessary entrepreneurial drive and the innovation for the benefit of society.

However, business school faculty have been programmed through a PhD/DBA process (quasi exclusively in the U.S.) which has formatted their mindsets in the dominant economic models, algorithms and theories that have produced the current global business environment. We are all aware of the many benefits and achievements that the neo-liberal, capitalist system has produced for the good of society, but now the grave dysfunctions of its results are more visible, and change has become imperative. Not a patchwork of changes, but a change that results from our thinking out of the box, and one that will lead us as academics

(Werhane 2012: 21) to address important questions such as the purpose of the firm, the role of the economy and market in society, how to manage the interdependence among stakeholders, the role of the person in an organization, the role of the manager in society, the limit of science and technology, the nature of progress, the yardsticks used to measure performance.

A debate that such questions should encourage is unlikely to take place in mainstream business schools. They are prisoners of their culture, of the satisfaction born of their achievements, of their constituencies (e.g. alumni, students, corporate funding sources, employers of their graduates, ...). They are hostages of their rankings—considered of critical importance for their recruitment—and of the complex criteria used by the ranking medias, even if one can question the importance that those rankings give to income gains as a solid criterion of a «successful» life.

Only an enlightened and courageous Dean, supported by a small faculty team (willing to take a career risk), and one or several business leaders (with the long view) who have seen the light could initiate and lead the transformation of the curricula, starting with the PhD program. A challenging alternative path would be to *create* a new education institution, certainly original, to develop responsible leaders keen to care for the society, for the future, having “le souci de l’autre” of the late philosopher, Paul Ricoeur (2017).

A path toward a future for the good of society will have to go through a tough process of questioning current management fashions and practices; it will require revisiting some of the “postulates” in which common management practices are rooted; it will demand intellectual curiosity to broaden the scope of our teaching and develop truly globally responsible leaders: men and women of character, caring leaders of the type so much needed today and tomorrow. Learning from the benefits of the powerful medicine of spiritual practice—which has made clear the link between spiritual life and health—business schools and business leaders should together explore how to call on spirituality for the benefit of the leader, of the entrepreneur, of the corporation and of society. This will be difficult and, without pressure from the corporate world on which business schools are so dependent, a huge challenge.

As violence in the street becomes a common way to express dissent we must hope that business schools will not become the scapegoat of a society that will attribute the increasing dangerous situation of our planet to their teachings.

In 1965 André Malraux had said that the XXI century will be spiritual or it will not be. We have good reasons to hope that he was right.

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Part V

Conclusion



The Significance of Care in Dark Times

Ora Setter and László Zsolnai

Caring for others is a fundamental part of our own humanity. It is a constitutive element of any mature morality. The importance of care is gaining considerable significance in the harsh reality of the Anthropocene, when climate collapse, ecological degradation, and social disruption are a non-distant possibility.

Even for avowed optimists, the future looks bleaker than ever. The free world is less free and is much less “one world” than it has been since World War II. Climate collapse is looming. Winter is coming.

We are doomed. Or are we?

According to the Atomic Doomsday Clock, we are now at “two minutes to midnight” (Bulletin of Atomic Scientists 2018). The Doomsday Clock was founded in 1947 by University of Chicago scientists who

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worked on the Manhattan Project, and is globally recognized as an indicator of how close the world could be to apocalypse. Moved forward 30s in 2018, the hands are now closer to midnight than they have been at almost any time since its existence.

As consumption and the human population have increased in the last few decades, humankind has ushered in a new era called the “Anthropocene” (Crutzen 2002; Steffen et al. 2011) in which we are altering the biogeochemistry of the planet itself, destabilizing the climate, and influencing coevolution at the planetary level. The Anthropocene appears to be a regrettable departure from the Holocene—a relatively placid period of climate stability over the past ten thousand years in which “civilization” arose (Brown 2015).

Important indicators show that the *state* of the *Earth* (the sum of our planet’s interacting physical, chemical, biological, and human processes) has *drastically worsened* over the last 50–60 years. A set of global indicators studied by the Stockholm Resilience Center shows that socioeconomic trends (such as population, real GDP, foreign direct investment, the urban population, primary energy use, fertilizer consumption, water use, paper production, transportation, telecommunications, and international tourism) have caused a deterioration in Earth System indicators since the 1950s (such as the level of carbon dioxide, nitrous oxide, and methane in the atmosphere, surface temperature, ocean acidification, marine fish capture, tropical forest loss, domesticated land and degradation of terrestrial biosphere) (IGBP 2015).

Recent climate research has revealed the self-reinforcing feedback mechanisms of Earth’s system that may result in a “Hothouse Earth” characterized by “much higher global average temperature than any interglacial in the past 1.2 million years,” and “sea levels significantly higher than at any time in the Holocene” (Steffen et al. 2018: 8252).

Actually, we are now on track for more than 4 °C of warming. This the temperature difference between the last Ice Age and world temperature as it is now. It is thus reasonable to expect the world in the near future to be as different from today as today is from the Ice Age. This level of change might render the planet uninhabitable for human beings (McKibben 2012).

Climate collapse may increase war and ethnic conflict, increase the frequency of environmental disasters, cause a return to a subsistence economy—even in “first world” countries, along with the collapse of governmental institutions. It may also promote the rise of charismatic authoritarian strongmen and drastically reduce the human population anywhere from 70% (from 7.5 billion to 2 billion, which would bring the population to a sustainable level), to complete extinction (Greer 2016).

Facing these prospects, we recall an illustrative case of heroic care that occurred during the Holocaust (Wikipedia 2018a).

Janusz Korczak, born in 1878 or 1879, was a Polish-Jewish educator, author of children’s books and pedagogue who for many years worked as the director of an orphanage in Warsaw. On August 5, 1942, German soldiers came to collect 192 orphans and about one dozen staff members for transportation to the Treblinka extermination camp during the *Grossaktion Warsaw*. Korczak repeatedly refused sanctuary and stayed with his orphans, saying that he could not abandon them. The children were dressed in their best clothes, and each carried a blue knapsack and a favorite book or toy. An eyewitness described the procession of Korczak and the children through the Ghetto to the *Umschlagplatz* (deportation point to the death camps) as follows: “Janusz Korczak was marching, his head bent forward, holding the hand of a child, without a hat, a leather belt around his waist, and wearing high boots. A few nurses were followed by two hundred children, dressed in clean and meticulously cared for clothes, as if they were being carried to the altar” (Shepley 2015: 55).

When the group of orphans finally reached the *Umschlagplatz*, an SS officer recognized Korczak and offered him a way to escape. Korczak once again refused, and boarded the trains with the children. He and most of the children, toddlers of two or three years of age among them, while the oldest ones were perhaps thirteen, were killed in a gas chamber upon their arrival at Treblinka.

The heroic and compassionate story of Korczak’s own death and the death of his children is an example of dignity and love in the face of an inevitable end.

We, however, still have some time to act. Will we wake up and put an end to climate collapse? Do we care enough and have enough responsibility to do this? Will there be enough people, enough leaders, to actually reverse what seems like a lost cause?

Indeed, 1.5 million children, the future of Europe, the future of the world, were senselessly and brutally murdered during World War II, most of them Jewish.

Very few children survived. Some by their own gumption, and others through the care of adults—Jews and non-Jews—who cared enough to risk their own lives to save them. One of those children was Israel Meir Lau (Wikipedia [2018b](#)).

As a seven-year-old, Lau was first imprisoned in a Nazi slave labor camp and later in Buchenwald extermination camp. He attributed his unlikely survival to the heroic efforts of his older brother Naphtali, who concealed him at constant risk and enlisted other prisoners in this effort. After being found by U.S. Army chaplain Rabbi Herschel Schacter, who discovered him hiding behind a heap of corpses when the camp was liberated in 1945, he was freed and became a poster child for the possibility of miraculous survival and a living symbol of the inhumanity of the Nazi regime. Lau credited a teen Russian prisoner with protecting him in the camp.

Israel Meir Lau later became Chief Rabbi of Israel and as a great orator and humanitarian inspired many people around the world, giving their life meaning and hope.

Some children, usually twins, were used in Auschwitz as guinea pigs for atrocious medical experiments by Josef Mengele. These experiments included the unnecessary amputation of limbs, intentionally infecting one twin with typhus or other diseases, and transfusing the blood of one twin into the other. Many victims died while undergoing these procedures. After the experiments were over, the twins were sometimes killed and their bodies dissected.

One young Hungarian man, Zvi Spiegel, was picked out by Mengele with his twin sister, Magda, to become a translator for Mengele, and through his courage saved a large number of children: he was later nicknamed the “father of the twins.” After the war, he took 37 survivors, to their native country, and lived in Israel until his death. His daughter

Judith, together with her husband, revolutionized the treatment of cardiovascular disease with the stents they invented and produced, which are now installed in the hearts and bodies of more than two million people: an invention that has saved many people around the world from an untimely death (Holocaust Museum 2018).

In the darkest moments of the darkest hour of humanity some lights still shone, and the care, love, and courage of some saved a few others, who later saved many. There are thousands of stories like this: of first-, second-, and third-generation survivors of the Holocaust who, with their humanity, love and compassion, their inspiration, entrepreneurship and science, are changing the world for the better.

Perhaps there is still hope. Two minutes of hope.

We call for responsibility and action that is aimed at making significant changes in the world of affairs at this dark time.

Caring for others is basically a non-consequentialist form of behavior which may have cosmic significance. Helping human and nonhuman beings, especially in emergency situations like the Holocaust or climate collapse, is the final test of our own humanity. Business and management are no exception to this.

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